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Executive Editor

Articles dealing with economics, research and education have been prepared in cooperation with the staffs of the Department of Research and the Department of Education.

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In Latin America, too, a hungry child does not smile.

by George McGovern

Swinging south from the holy city of Kairouan, west to Sbeitla with its famed ruins and across country to the majestic Roman amphitheater of El Djem, a traveler in central Tunisia sees miles of desert landscape, acres of esparto grass, and then—miraculously—cultivated plots appear with freshly-planted fruit and olive trees.

The transformation of the Tunisian landscape—from barren desert to productive orchards and farms—has resulted from the work of such men as Abdelkrim, who lives with his family a few miles from El Djem.

Before the land clearance program was undertaken in his region, Abdelkrim was unemployed—one of nearly 400,000 or one-third of Tunisia's "active" male population either unemployed or underemployed.

He now works six days a week, earns a daily wage equal to 67 cents. Formerly illiterate, he spends an hour in an adult education class learning to read and write as part of his regular work day.

He collects his monetary wage, which is about 45 cents daily, and receives food coupons for the balance. Once a week, he goes to El Djem to pick up his food

GEORGE MCGOVERN is director of Food for Peace and special assistant to President Kennedy. A liberal Democrat from South Dakota, he served two terms in Congress.



Food for Peace. A

allotment, three and a half pounds of semolina for each day's work, an amount considered to be the normal consumption for a worker and his dependents. Semolina is a cereal produced with wheat.

Abdelkrim is one of some 170,000 workers who, at the moment, work on similar economic development projects throughout Tunisia and receive food from the United States as a portion of their wage payment.

The story of Abdelkrim illustrates how the United States Food For Peace program has helped put Tunisia back to work, reducing unemployment and helping the country gain economic independence.

Spurred by the new impetus President Kennedy has given to the Food For Peace program, similar economic development programs, utilizing food for wages, have been started in 10 other countries—Morocco, Afghanistan, Korea, Ethiopia, Iran, Dahomey, Taiwan, India, Libya and Tanganyika.

In outlining my duties as Food For Peace Director, the President pointed out that "American agricultural abundance offers a great opportunity for the United States to promote the interests of peace in a significant way and to play an important role in helping to provide a more adequate diet for peoples all around the world. We must make the most vigorous and constructive use possible of this opportunity."

How successful has the Kennedy Administration been in undertaking this challenge, utilizing America's agricultural abundance in a coordinated attack on hunger and poverty throughout the world?

Here is what we have already done to implement a greatly expanded Food For Peace program this year:

- During the first nine months of 1961 we have made 40 Food For Peace agreements—for \$1.5 billion worth of our farm products.

- Food For Peace shipments in the fiscal year that ended in June were valued at \$932 million, about 13 percent more than in the preceding year. That total represented about one-fifth of all our farm exports.

The effects of our increased efforts are steadily mounting, as is evident from these figures.

By December 31 of this year, we expect to have committed for shipment abroad \$5.3 billion worth of food and fiber, more than two and a half times the



America's bountiful harvests are helping hungry people toward self-sufficiency.

ce. America's Helping Hand

commitment arranged in 1960. Some of these commitments have been made up to four years in advance and will provide a continuous use of this nation's abundant farm production.

This year we asked and obtained from Congress authorization to commit an extra \$2 billion worth of farm products overseas in exchange for foreign currency through the Food For Peace program. This brought the authorization for 1961 commitments up to \$3.5 billion from last year's \$1.5 billion. Transactions now under negotiation with other countries will easily exhaust the extra selling authority.

We are sending abroad this year 425 million bushels of wheat, 45 million bushels of feed grains, 1 billion pounds of rice, 1.1 million bales of cotton, 950 million pounds of vegetable oils, 80 million pounds of nonfat dry milk and \$25 to \$50 million worth of tallow, lard, meat, poultry products and fruit.

We are expanding all Food For Peace channels. This year, for the first time, our grants of food to foreign governments for famine relief and economic development purposes, such as the Tunisian work program, will amount to more than one million tons of commodities worth more than \$300 million. By contrast, during the past six years, such grants have averaged only about \$100 million a year.

In carrying forward the Food For Peace program, we are also giving added support to the food distribution activities of such American voluntary relief agencies as CARE, Catholic Relief Services, Church World Service, American Jewish Joint Distribution Committee, Lutheran World Relief and other organizations that have been ministering to the needs of a hungry world.

People-to-people donations of food through these voluntary agencies is expected to rise to \$255 million this year, the highest rate since 1958.

We expect also to step up the pace of barter programs, under which surplus farm commodities are traded for strategic materials.

We have recently completed the first sale of farm goods for dollars on longterm credit. This \$2 million transaction with El Salvador is a start on yet another means of using U.S. agricultural abundance as a

weapon against present poverty and need in developing countries.

Although the United States Food For Peace program is assisting more than 60 million people in 99 different countries of the world, we are still a long way from stamping out man's oldest problem—human hunger.

Of an estimated world population of 3 billion, approximately 60 percent do not have enough to eat.

Visualize a line starting from your front door, made up of the hungry of the world—many of them ragged and ravaged with disease. The line goes on out of sight over continent and ocean, around the world—25,000 miles—and returns to your front door. On and on it stretches, circling the globe not twice nor five times, but twenty-five. And there is no one in the line but hungry, suffering humanity.

This picture illustrates the enormity of the problem we face, one which is so vast in scope that the United States cannot possibly meet it alone.

For this reason, in addition to our own stepped-up Food For Peace program, we are doing everything possible to encourage a multilateral attack on world hunger through such groups as the Food and Agriculture Organization of the United Nations.

Earlier this year, at a meeting of the 13-nation FAO advisory council in Rome, I was authorized by President Kennedy to offer \$40 million in commodities as the beginning of a \$100 million "food bank" to which other countries would also contribute.

In addition to encouraging this multilateral approach to food distribution, the United States is also taking part in the five-year "Freedom From Hunger Campaign" now being conducted by the FAO.

President Kennedy has appointed an American Food For Peace Council which will conduct the campaign in the United States. Industry, labor, agriculture, science and the professions—all segments of the American population—will be called upon to sponsor and support projects which will increase and improve agricultural production within the underdeveloped countries.

Projects are designed to help these nations help themselves. Typical action programs include intro-

duction of better seeds, use of fertilizer, animal breeding and feeding, irrigation and drainage, processing, preservation and storage of food, land reform, technical assistance and organization of field demonstrations in improved farm practices.

Recognizing that the foremost humanitarian challenge of our time is to secure an adequate diet for all mankind, the worldwide Freedom From Hunger campaign is closely linked to America's own Food For Peace program.

The two programs supplement and complement each other. While Food For Peace emphasizes the use of existing agricultural abundance to reduce hunger, the Freedom From Hunger campaign concentrates on the improvement and modernization of agricultural production.

As a nation, we are committed to the pledge so eloquently expressed by the President in his Inaugural Address: "To those peoples in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best effort to help them help themselves—not because the communists may be doing it, not because we seek their votes, but because it is right."

Food For Peace is, thus, a humanitarian program dedicated to helping the emerging nations with their own economic and social development. By aiding these countries in their efforts to provide a more adequate diet for their people and to promote the growth of their economies, Food For Peace increases their ability to develop into strong members of free world society.

We do not want to see the establishment of permanent "bread lines" nor do we want the developing countries to neglect their own food production.

For this reason, Food For Peace programs—except in the case of disaster and emergency relief—are designed primarily to help emerging countries over a critical period in their own development.

Economic growth inevitably results in an increase in a country's demand for food and other resources. When the country cannot meet this demand either through increased domestic production or through imports, inflation and economic stagnation result and growth is halted.

By supplying some of these resources and, in countries where dollars are scarce, accepting payment in local currency, the Food For Peace program helps economic development to continue.

The object of the program is thus to make it possible for the emerging nations of Africa, Latin America and Asia to develop their own agricultural production or to assist them with their industrial potential until they can purchase U.S. agricultural commodities on a dollar market. When this has been achieved, Food For Peace programs are phased out and discontinued.

In this sense, Food For Peace is a significant market development program for United States agricultural goods and nonfarm products as well.

Many of the European countries which received

food donations from the United States following World War II under the Marshall Plan are now substantial purchasers of our agricultural commodities.

As Food For Peace helps the economies of emerging nations, they become better markets for a wide variety of goods as well as food—construction machinery, machine tools, steel, aluminum, rubber and many other products. In other words, the commercial trade potential created by Food For Peace should be of interest to all American business and industry and to every working man—and his union—in this country.

Food For Peace has other beneficial effects—including the saving of many millions of dollars a year for U.S. taxpayers through the elimination of costly storage charges on U.S. grain reserves.

Secretary of Agriculture Orville L. Freeman estimated recently that the U.S. stockpile of feed grains amounts to about 85 million tons. Wheat presently in storage accounts for an additional 4.2 million tons.

Just to store and handle these huge stocks costs the taxpayer about a half billion dollars a year. Combined with a vigorous program to increase the commercial sales of U.S. agricultural exports, Food For Peace is playing a significant role in reducing this oversupply.

As both a humanitarian concept and a market development program, Food For Peace is not a political slogan nor a partisan idea. It is actually an American idea conceived almost half a century ago.

America's first major food relief effort got under way in 1914 in response to the plight of seven million Belgians in World War I. Millions more throughout famine-stricken Europe and Russia received U.S. food assistance following that struggle. Over \$5 billion worth of American foodstuffs were shipped through the American Relief Commission created in World War I and headed by Herbert Hoover.

History was repeated in the wake of chaos and famine following World War II. In the period from July 1, 1941, through June 30, 1949, close to 70 million metric tons of agricultural commodities were exported under government programs.

Then in 1954, Congress, conscious of the prodigious increase in American agricultural production as well as the continuing needs of the world's hungry, enacted legislation to meet this challenge.

Known as Public Law 480, it is officially entitled The Agricultural Trade Development and Assistance Act. With its many subsequent amendments, it is the principal legislative basis today for the Food For Peace program.

Under this authority the United States can enter into various types of agreements, depending on the needs of the recipient countries.

For countries lacking dollar reserves, foodstuffs can be sold for local currencies. Proceeds, for the most part, are returned to the recipient nation in the form of loans and grants for economic development purposes.

In the event of natural disaster or emergency, food

may be granted outright. Donations are also permitted for economic development purposes. Public Law 480 also provides for barter transactions or long-term dollar credits.

Each agreement is tailored to the needs and economic development of the nation served. Caution is also taken that transactions not interfere with local production or existing agricultural trade arrangements with other exporting nations such as Canada, Argentina or Australia.

What lies ahead for Food For Peace? Will the specter of famine and hunger eventually disappear?

In view of the population explosion, it is likely Food For Peace will be with us for years to come. World population is now expanding at the rate of 50 million annually. It has been estimated that for each new person added to the population, another acre of new farmland will be needed or an annual increase of 50 million acres.

Many people are under the mistaken impression that if the United States would give away its surplus food production instead of storing it, hunger would disappear.

Actually, if we were to donate our entire food surplus for one year to the world's hungry, this would mean the equivalent of two teacups full of rice once every 17 days for each person for one year or an increase of only 90 calories a day for each individual.

But the U.S. can and should do more to gear its farm production to world needs, both in terms of volume and type of commodities. We need more milk, more soybeans, more poultry and meat, more rice, more fats and oils. More and more, we should gird our amazing agricultural plant for increased production in relation to the hungry, expanding world.

We can and should call upon the resources of private industry and labor to assist the developing coun-

tries in food handling, processing, conversion of food into more edible and nutritious forms, storage and distribution.

Those who regard America's agricultural production as a national headache should consider the plight of the Soviet Union where Premier Khrushchev has reserved his sternest lectures for Soviet farmers who have fallen short of production goals.

Mr. Khrushchev knows the American farmer produces enough food to feed himself and 25 other people, while the Soviet farmer is barely able to feed himself and four other persons. Mr. Khrushchev also knows that only 8.6 percent of our civilian workers are employed on farms, as contrasted with 45 percent in the Soviet Union.

The image the United States can build among the hungry peoples of the world is tangible. It cannot be blotted out with propaganda. By using food as a major instrument of foreign policy, we are doing what the communists would like to do but can't.

Premier Khrushchev would certainly not view our agricultural abundance as a "national headache" if he could boast of the same production. Fortunately, we are now coming to a more positive view of our food resources and our agricultural productivity.

Certainly it has brought new life and hope to countless millions throughout the world—to men like Abdelkrim, the Tunisian laborer, who owes his very job to American Food For Peace.

Arnold Toynbee has observed: "Our age will be well remembered, not for its horrifying crimes nor its astonishing inventions, but because it is the first generation since the dawn of history in which mankind dared to believe it practical to make the benefits of civilization available to the whole human race."

I should like to think that Food For Peace will play a role in vindicating Professor Toynbee's prophecy.

Food For Peace is a vital part of interrelated approach to helping people build a better life and a peaceful world. Korean farmers (left) plant rice, secure in the knowledge a new flood control project protects their fields; Tunisian workers (below) spend part of each workday learning to read and write.



In drought-hit north of Haiti,
this was the daily hot meal.

A little girl's eloquent expres-
sion—in rural Colombia.



CARE

People Who CARE

Americans who care will help feed hungry children and needy families in 17 nations this year—from Afghanistan to Haiti, from Colombia to Vietnam.

Americans who care will provide carpenters' tools in Honduras, farm tools in Jordan, sewing machines in Korea, kits to help midwives deliver babies in Libya, school supplies in Hong Kong, food preserving jars in Greece.

Americans who care will do all these things and more through CARE—the Cooperative for American Relief Everywhere.

In India, school children wait
expectantly for milk ration.



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The AFL-CIO and 23 other national organizations sponsor CARE, which brought food to war-ravaged Europe in 1946 and, as the need there diminished, brought the first people-to-people aid to impoverished areas throughout the world.

Through use of donated U.S. surplus foods, a \$1 contribution delivers enough powdered milk to give 16 school children one glass of milk every day for a month.

For most, it is the only milk they ever see.

A dollar brings a 25-pound food package to a destitute family—as an identified gift from the people of the United States and the individual donor.

Through CARE, unions have provided free trade union groups with needed help ranging from food packages to trade union organizational kits, including typewriter and mimeograph machine.

Orphans learning trades, a group of Korean fishermen whose boat was destroyed in the Communist invasion, have all been helped with the tools they need to help themselves.

Where disaster has struck, men equipped with CARE's simple block-making machines build their own homes with their own hands and their own earth.

Farmers who grubbed the soil with sharpened sticks increase their crops with new steel plows and hand tools. Sewing machines, looms, water pumps, mechanic's kits make entire villages self-supporting. Clinics on wheels bring modern medicines to isolated, disease-ridden communities.

And a little girl who had gazed listlessly through hunger-dimmed eyes blossomed out to the head of her class after CARE packages provided a simple free school lunch of a bowl of hot corn meal mush, milk and a roll.

Why is this help needed?

It is needed because chronic hunger stalks two-thirds of the earth's population. It is needed because wars and upheavals have driven millions from their homes.

Take Hong Kong, for example. Here is how CARE describes the problem: "Since the end of World War II, the population of Hong Kong has jumped from 600,000 to more than 3.5 million. The local government's efforts and CARE-supported self-help programs undertaken by the people themselves to provide sufficient food, housing, schooling and social services are constantly thrown off balance by the continued influx of escapees from Red China. Unemployment is high, wages are low, malnutrition prevails. With 450,000 Food Crusade packages, CARE will bring aid to 175,000 of the most needy refugees."

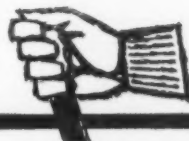
Why should we care?

"I am concerned with mankind," the poet John Donne said centuries ago.

Long before that, Cain posed for all men and all time the question: "Am I my brother's keeper?"

From millions of Americans who have contributed to CARE, individually and through their unions, the answer resounds.

The Peace Corps and Union Skills



by C. J. Haggerty

"I recommend . . . the establishment of a permanent Peace Corps—a pool of trained American men and women sent overseas . . . to help foreign countries meet their urgent needs for skilled manpower." These words of President John F. Kennedy, describing the Peace Corps and its function, were sent to Congress in a special message on March 1, 1961.

Since that time, the Peace Corps has taken form and direction, received volunteer applications from over 15,000 persons and has organized seventeen projects in twelve different countries in Asia, Africa and Latin America. To man these projects, about 800 volunteers have been selected—of whom about half are presently in training and half are overseas. Moreover, legislation making the Peace Corps a permanent agency of the United States government, and providing funds for its first year's operations, was overwhelmingly approved by Congress in September, 1961.

The basic concept of the Peace Corps is to send trained and talented Americans to do needed jobs in other countries of the world. The resources of capital, of technology and of leadership in these countries could be far more productive than they are today if one critical element were not missing. That element is middle manpower. Many of these countries possess exceptional leadership at the top and an abundance of unskilled manpower at the bottom, but a gap exists in the middle level for people who can do a job.

The Peace Corps proposes to help fill those gaps in the low-income countries by sending men and women with teaching, craft, trade, farming, organizing and leadership skills. Rather than advise and counsel the local people on "how" to accomplish their jobs, Peace Corps Volunteers will help "do" the work. And in the process, they will teach local people to do it themselves.

C. J. HAGGERTY is president of the AFL-CIO Building and Construction Trades Department. He and President Joseph Beirne of the Communications Workers were appointed to the National Advisory Council of the Peace Corps by President Kennedy.

Life for Peace Corps Volunteers will be simple and inconspicuous. Their standard of living will be similar to that of the local people, but sufficient to maintain health and effectiveness. The work will be hard and demanding and at times, perhaps, even dangerous. But there are rewards that go beyond the living allowance and the \$75 a month the Volunteer earns while in the Corps. Peace Corps Volunteers will learn from a different culture; they will be performing important work for another country; they will be serving their own country and the cause of freedom; above all, they will be proving that Americans are ready to join hands with other people in a serious pursuit of peace.

Today the longing is epidemic for a new order in which justice and peace prevail and all men share a better life. The Peace Corps is a small part of the effort needed to achieve that order.

The new nations and people on every continent are at one stage or another in the process of entering the 20th Century. It is a great process of education and development. Yet we who in a sense made the 20th Century, we who entered it with such zest in the great decades of our national development, we who have accumulated the greatest body of the science and technology which the emerging nations want, have not yet got directly and personally and humanly engaged in the process.

We have sent some of our dollars and we have sent some Point Four advisors who have advised the emerging nations how to use the dollars—or who have given high-level technical assistance. But we know this is not enough. We are now sending our Food for Peace, for we know that it is intolerable for us to hoard mountains of surplus food while our neighbors hunger and starve. But even this will not be enough.

Not only is the economic gap growing between the nations of the West, including the Soviet Union, and most of the rest of the world, but the human gap is also growing between the white North Atlantic community and the colored majority of the human race. While the economic gap may be the main source of the trouble, the human gap is what we feel most directly. The old admonition against the Two Cities is worrying us anew and the inherent human yearning for the one City of Man is inside us. We do not want to stay at home in our safe suburbs while the city is burning and being rebuilt. We cannot rest content with giving charity. It is truly our need and our desire to Go West and East and South—to participate in the great human adventure of world development and to invest part of our lives in the work under way on the new frontiers.

But if our needs and desires were not reciprocated in the economically emerging nations, the Peace Corps would not have been born. For the export of unwanted surplus American zeal would be a ludicrous and barren operation. The host countries will not necessarily greet the Peace Corps as an unmixed blessing, but the need for trained manpower at the operational levels in these societies is very clear and present.

Many of the skills the Peace Corps is being asked to provide can be found in the ranks of the American labor movement. This great body of men and women contains the technicians and specialists so many emerging nations need as trainers, teachers and just plain "doers."

These nations need men and women with technical training or with trade, industrial art, mechanics, farming, organizing, teaching and leadership skills. At least 50,000 jobs need filling today in the 103 underdeveloped areas of the world. The Peace Corps is helping to fill this manpower gap.

Besides offering a unique opportunity to serve the nation in the cause of peace, the Peace Corps offers American workers unusual opportunities for self-development. They will return with knowledge of other languages, knowledge of the customs and traditions of the people who speak those languages and knowledge of the economy, political organization and geography of the countries in which they served. Peace Corps Volunteers, in other words, will be better able to participate and meet the demands of today's world.

Skill will be a major factor in selecting Peace Corps Volunteers from the ranks of American labor. Each Volunteer must be able to do a specific job well. He will either do that job himself in a specific place or teach others how to do it. Because most of the world's scientific literature is in English, his or her job may be to teach English to future science students. He may train apprentices in a specific skill or be a farm equipment mechanic, an electrician, a plumber, a construction foreman, a lathe operator, an air conditioning specialist or a railroad traffic manager.

A few specific examples of the needs for labor skills are significant. They are taken from projects still in the development stage.

There is a need for men to repair diesel engines and well pumps in Burma. They also want foundrymen, welders and machinists, and workers with experience in textile mill operations. They need chemists with experience in sugar and cement factories and persons experienced in ceramics, gas well drilling and quarrying.

The teaching of apprentice skills has a high priority in Malaya, where there is a need for instructors in radio and television servicing, plumbing and motor mechanics, refrigeration and air-conditioning, carpentry and joinery, armature winding, turning and machining and electrical fitting.

Teachers of manual crafts, mechanics for agricultural implements shops and people with basic construction experience are in demand in India to meet shortages of these specialists.

Other countries would welcome machinists, rolling machine and smelter operators, gas well drillers, mine foremen, sheet metal workers, electro-platers, instructors in crafts, vocational training advisors, welders and many other specialists and skills found in the trade unions of the United States.

As agreements for Peace Corps projects requiring



New York Times Photo

Desert area near El Paso, Texas, is training ground for these Peace Corpsmen destined for Tanganyika.

Volunteers receiving technical training in Puerto Rico.

New York Times Photo

these skills become official, the Peace Corps will provide the necessary manpower, through the cooperation of organized labor.

In filling these needs for skilled workers overseas, it is important to remember the Peace Corps is not made up merely of young people. Naturally the majority of applicants have come from people at an age where they have not as yet undertaken heavy or long-term financial or family responsibilities. But there have been many people of mature age, trained and skilled in some profession or trade who have already raised their families and who wish to contribute their know-how and experience to the development of the emerging nations. There is no upper age limit for a Volunteer. Naturally he will have to measure up to certain physical and health requirements so as to be able to function effectively in different climates and under different conditions of life.

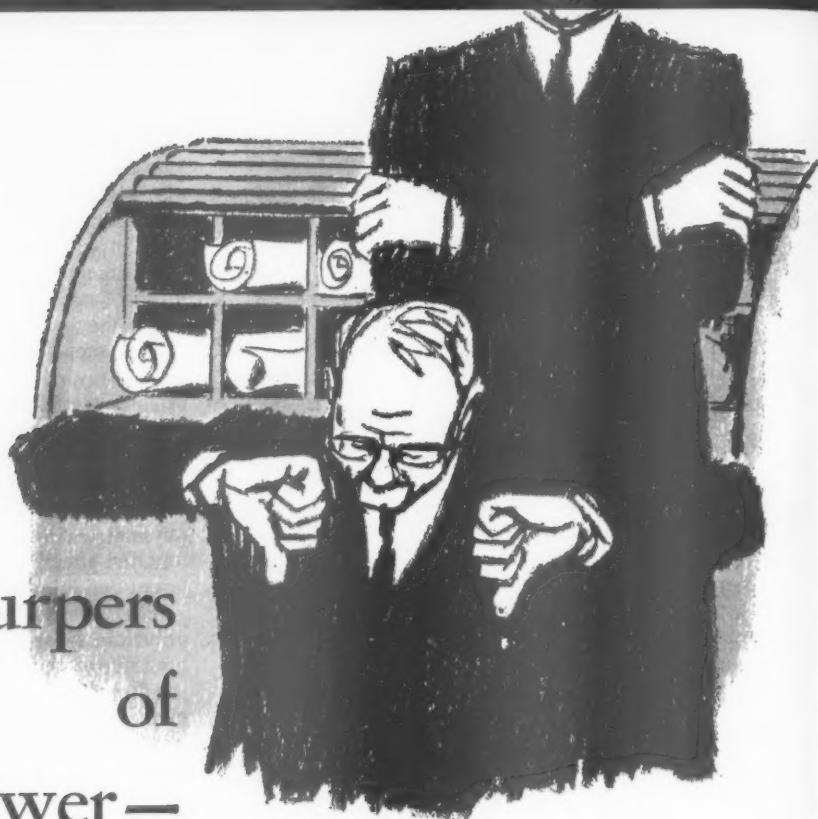
This means, therefore, that not only the apprentice or young journeyman may apply but also those who have retired or who are not committed to a specific job for the moment. It is hoped such persons will apply in increasing numbers to the Peace Corps for special training and eventual assignment to a specific task overseas. They can apply either through their own unions or directly to the Peace Corps in Washington, D. C.

Let me conclude by examining the name and the reason for this new avenue towards peace, the Peace Corps.

The name "Peace Corps" compounds two words heavy with meaning and hope: This is a corps, a group of persons working and striving in community. It is a society through our constituted government.

The other word is the blessed word "Peace." It is the most urgent word of our day. President Kennedy closed his moving address to the United Nations on September 25 with these sentences: "The decision is ours. Never have the nations of the world had so much to lose—or so much to gain. Together we shall save our planet or together we shall perish in its flames. Save it we can, save it we must—and then shall we earn the eternal thanks of men and their best wishes as peacemakers of God."





Usurpers of Power— The Conservative Coalition

by William F. Schnitzler

In the coming weeks there will be a great hullabaloo in the press about the choice of new leadership in the House of Representatives. To his everlasting credit, the late Sam Rayburn, during his long "reign" as Speaker, did exercise a strong and healthy influence upon legislation and national policy. But for some years past "Mr. Sam's" leadership had been strongly and often successfully challenged.

This sad state of affairs is likely to continue during the remainder of the 87th Congress, no matter who is chosen by the House to succeed to the speakership. It must be considered sad because those who control the destiny of legislation have usurped that power by connivance.

I make that charge deliberately. The situation that exists is a mockery of the free and democratic American system. The unofficial leaders of the House inspire mistrust rather than confidence among the great majority of American voters. They have never been authorized by the electorate as a whole to direct national affairs as they see fit.

Who are these unofficial leaders of the House? Primarily, Representatives Howard Smith, Democrat-

in-name-only from Virginia and Charles Halleck, Indiana Republican; secondarily, a handful of conservative southerners who hold committee chairmanships although they do not reflect the views of a majority of committee members. These southerners collaborate closely with Smith and Halleck.

This is not the whole story. Representative Smith, whose political outlook is extremely narrow, is a product of the Byrd machine in Virginia. To what extent his philosophy is dictated by Senator Harry Flood Byrd, we will never know. But we can guess. Our guess is based upon the ruthlessness of the Byrd machine, which over long years of political warfare has proven more invulnerable than such big-city machines as Tammany Hall. Yet I do not wish to imply that Smith is not his own man. He's where he is because he's what he is. You don't get to be such an important cog in the Byrd machine unless you are a true henchman.

Smith's throne is his chairmanship of the House Rules Committee. This is the all-powerful group that originally was intended to steer proposed legislation to the floor for debate and vote in an orderly manner, but has arrogated to itself the authority of deciding whether or not legislation should be permitted to reach the floor and in what form. All this, it should be

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remembered, after hearings and consideration and recommendation by the subcommittees and committees to which the legislation first was referred.

Last January, under pressure of the new Administration and with an assist from Rayburn, the membership of the Rules Committee was enlarged in order to loosen Smith's stranglehold. The move was only partly successful, as it turned out.

That came about because Smith exercises another and entirely unofficial grip on power. With Halleck, he heads up the peculiar two-party conglomeration in the House known as the "coalition."

The Congressional Directory does not list any such animal. It has no official standing. Yet when the chips are down, the coalition often has been able to muster a majority of the members present and voting in the House of Representatives.

Some sage observers of the congressional scene believe Smith's personal influence is overrated, that the country lawyer from the dairylands of Virginia is, in fact, led by the nose by his more savvy colleague from Indiana, Charlie Halleck. The point is moot. Their thinking is so much alike on most basic issues that, so far as results are concerned, it makes no difference who dominates whom. The important thing is that although Halleck is only the minority leader in the House, in concert with Smith he has become a major influence and one of the real leaders of Congress.

How significant is the political phenomenon known as the coalition? In spite of it Congress was able to enact a creditable list of constructive programs during the 1961 session. Such measures as the improvements to the Fair Labor Standards Act, the aid to depressed areas bill, road and airport construction and liberalization of social security represent real achievement.

But the record shows that the coalition prevented the Anderson-King bill, providing a workable plan for health care for the aged through social security, from making any real headway. It blocked federal aid to education and it slashed appropriation bills for foreign aid and other important programs.

Some congressional experts may think this is giving the coalition credit, or discredit, for more than it deserves. They don't quite grasp how the coalition works. It constitutes a triple threat.

Firstly, it can and does come out into the open to force the enactment of a specific bill, such as the Landrum-Griffin Act, which has imposed so many afflictions upon legitimate trade unions.

Secondly, it can and does exercise veto power over legislation without the need of any open show of strength and without disclosing its devious maneuvers in committee.

Finally, the very existence of the coalition and the knowledge that it frowns on any legislative action that could be considered liberal has resulted in undesirable compromises and watering down of bold and effective federal action in the economic and social fields.

Because of its two-party nature the coalition is a politically irresponsible group. It cannot be called

to account as a whole by the voters. In no other free country in the world can such parliamentary irresponsibility exist. How, then, does the coalition collectively and individually get away with it in our country?

The answer is lack of political education. If the newspapers and magazines would expose the true nature of the bipartisan cabal against progress that rules the roost in the House, the coalition would be quickly doomed. But the American press is part of the complex that seeks to exercise power regardless of the expressed wishes of the voters. It has accorded the coalition more praise than denunciation.

Another clue to the survival of the coalition can be found in its makeup. It is composed largely of the anti's. Some are anti-labor or anti-liberal. It includes country district congressmen who are just plain anti-city or segregationists who are anti-Negro or conservatives who are anti-Administration or extreme rightists who are anti-government. The isolationists, the anti-intellectuals, the opponents of government spending for anything but business subsidies, all find a sympathetic atmosphere in the coalition.

The coalition can be licked and its ranks driven into retreat only through political education and political action.

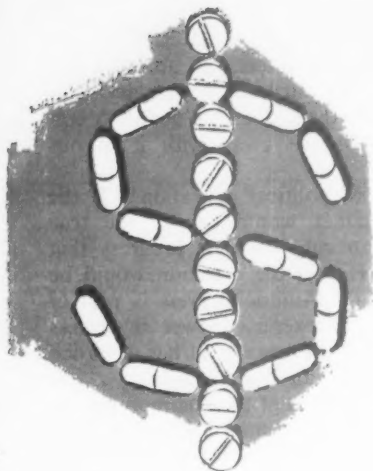
The American people did not elect Howard Smith and Charlie Halleck to lead them to national security and economic prosperity. I doubt if one voter out of ten has heard of these gentlemen or that one out of 100 understands how two country squires can frustrate basic policies of the national Administration designed to improve the lot of all citizens.

When the American people realize the score they will demand greater party responsibility and tighter discipline. There will be very few "safe" districts left for political deserters. The voters will require political candidates who take the name of a political party to play the game of that party and carry out its campaign pledges.

This would not make automatons of members of Congress or destroy their independence or undermine the system of checks and balances built into our free government. It would merely prevent bad checks and pretense. Each representative should always be free to vote on any particular issue in accordance with the dictates of his own conscience rather than on orders from anyone else.

However, any time a congressman's batting average on major public issues falls below a reasonable level of party loyalty, he should be required to withdraw from that party or be kicked out of it. When that happens, America will be freed of the menace of government by furtive coalition.

Is there any doubt the members of the coalition take orders and adhere to strict discipline by their unofficial leaders? We know better. The U.S. Chamber of Commerce and the National Association of Manufacturers know better. The utilities and insurance interests know better. It's time for the voters to know better.



The Wayward Drug Industry: A Study in Profiteering

Few "consumer" issues have so aroused the American public as the Kefauver Committee's exposure of the prescription drug manufacturing industry. The issues at stake are nearing a showdown with the emergence of definite legislative proposals to remedy the abuses that have made American prescription drugs the highest priced in the world.

The issues involved are not only economic. They are also medical and moral.

New drug products are put on the market with bewildering profusion and rapidity each year as each company strives to get ahead of its competitors by coming out with "the latest." Medical authorities have sharply questioned the need for such a torrent of products. Too many of the new drugs are designed strictly for sales appeal and contribute little or nothing to the art of medicine. If research for profit has overshadowed research for medicine, it is the consuming public that ultimately suffers.

Advertising has become progressively more massive, costly and irresponsible while the physician's access to reliable information from independent sources has become increasingly more difficult.

At the same time questions have been raised about the adequacy of existing government regulatory programs that are supposed to protect the public from useless or harmful drug products. New powers for the Food and Drug Administration emerge as a clear necessity.

Significance of the Industry

Manufacturers' sales of prescription drugs run at about \$2.5 billion per year. This industry, so strategically important to the life and health of individual human beings, is vastly larger than it was 20 years ago when most of the present day "wonder drugs" were unknown to medical science. Before World War II, manufacturers' sales ran at only about \$200 to \$300 million a year.

Today's industry, in fact, dates largely from World War II when the U.S. Government, in behalf of the armed forces, prodded American manufacturers into mass production of the then new sulfa drugs and the first of the new antibiotics, penicillin. After the war,

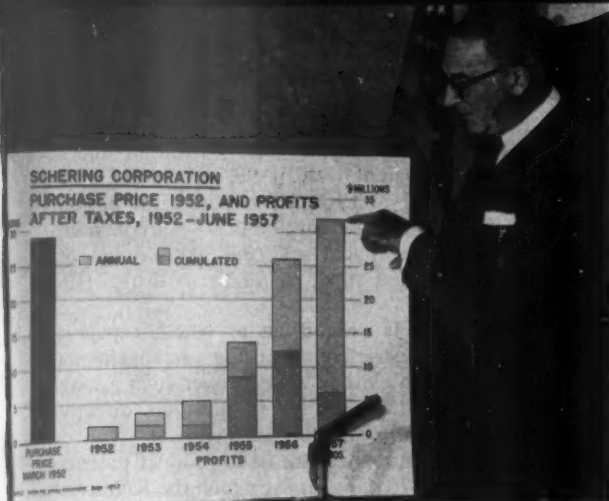
Labor's ECONOMIC REVIEW

the importance of the industry continued to mount with the successive discoveries of additional wonder drugs: more antibiotics, hormones (particularly the corticosteroids used in the treatment of arthritis), the tranquilizing "mental" drugs and the oral antidiabetics which can often be substituted for the older insulin which patients had to take by injections.

The "wonder drugs" were by no means exclusively the product of American commercial research. For example, the basic antibiotic discovery, penicillin, came from England and the methods of making its production commercially practicable were developed by the U.S. Department of Agriculture. The important phenothiazine tranquilizers were a French discovery and reserpine originated in India. The first oral diabetic drug came from Germany. The most important contributions of American companies have been the additional antibiotic drugs, derived from the basic principle involved in the discovery of penicillin.

The availability of these important new products has naturally increased the use of drugs in medical treatment, making their cost a matter of legitimate public concern. Even in the short period 1954 to 1959, the number of prescriptions per family rose from 8 per year in 1954 to more than 11 in 1959. The amount of money each family spent on prescriptions rose from an average of \$20 to \$32.50 in the same period, an increase of more than 60 percent. In 1952-53 only 2 percent of families had drug bills of more than \$200. Five years later the proportion had risen to 6 percent. And among individuals who spend more than \$200 per year on drugs, nearly half are 65 years of age or over.

The cost of drugs can be a major item in the budget for anyone under constant drug therapy for such chronic conditions as heart disease, arthritis, diabetes and some types of mental illness. In 1958, total private expenditures for drugs came to \$3.3 billion,



not counting those used in hospitals, and they made up 20 percent of the nation's total private health bill.

Drug Costs, Prices and Profits

With the increasing importance of drug therapy to individual health, the American public was understandably shocked to learn from the Kefauver investigations that prescription drugs have been grossly overpriced for years, that the leading drug companies had been making fantastic profits out of illness and that the supposedly vast research expenses for development of new products were dwarfed by outsize advertising budgets.

The Kefauver Committee report * presented specific figures on actual production costs as compared with prices charged by leading manufacturers on four important prescription products. (See summary chart.)

Prednisolone, costing 1.6 cents per tablet to make, sells to wholesalers at 14.3 cents or about 9 times the production cost. By the time it reaches consumers, the price hits 29.8 cents or 1,763 percent above the cost of production. The committee figured an arthritic patient on a steady dosage of prednisolone would pay out \$30 a month for a drug costing the manufacturer only \$1.50 to make.

The tranquilizer meprobamate, costing 0.7 cents per tablet to make, brings 5.2 cents to the company and costs the consumer 10.8 cents—643 percent more than the cost of production.

Tolbutamide, marketed by Upjohn as "Orinase," costs 0.7 cents per tablet to make, brings 8.3 cents to the company and costs the consumer 13.9 cents—nearly 20 times the production cost. A diabetic patient on Orinase would pay out \$150 in the course of a year for \$14 worth of production costs.

The antibiotic drug, tetracycline, can be made for 2.9 cents per capsule but costs the consumer 51 cents.

The committee found also that leading prescription drugs generally sold at much lower prices abroad than in the United States. Upjohn's Orinase (tolbutamide), for example, which sells to U.S. druggists at \$4.17 per

Senator Kefauver puts the finger on a drug firm.

bottle of 50 tablets sells for less than half this price in Austria, Germany, The Netherlands, Great Britain and France. Prices were 56 percent to 90 percent of the U.S. price in Italy, Brazil, Belgium, India, Panama and Canada.

The difference between production cost and sales price is not, of course, pure profit to the company. In addition to production costs, there are expenses for research, for general and administrative costs, for selling expenses and for taxes, before a final net profit figure is obtained.

The most remarkable fact about the drug company sales dollar is the extraordinarily large portion earmarked for "selling expenses." Income statements compiled for the 22 leading manufacturers of prescription drugs for the year 1958 showed 25 percent of the sales dollar went for selling expenses. Research expenditures by contrast averaged only 6 percent of sales for the 22 companies—less than one-quarter the amount spent on sales promotion. Selling expenses were almost as much as the cost of production itself—the "cost of goods sold" amounted to 32 percent of the sales dollar.

Profit rates of the drug industry exceed those of all other manufacturing industries in the country. In 1959, according to the Federal Trade Commission and Securities and Exchange Commission, the drug companies earned a rate of 18.1 percent on net worth as against 10.5 percent for all manufacturing. Net profit after taxes came to 10.3 percent of sales for drug companies, but to only 4.8 percent for manufacturing generally.

What Causes the High Price of Drugs?

1. Patents

The royal road to profit in the prescription drug industry is to get a patent on a "wonder drug," which will give a particular company the exclusive right to manufacture and sell the drug over a period of 17 years.

If the wonder drug was developed by a foreign company the same monopoly right may be secured by obtaining an exclusive license from the foreign company to make and sell the drug in the United States.

It has been estimated that from one half to three quarters of the total sales volume of prescribed drugs is subject to patent law protection.

Examples of important drugs produced by only one company in the United States are Parke, Davis' "Chloromycetin" (chloramphenicol), Pfizer's "Dibinese" (chlorpropamide), Carter's "Miltown" (meprobamate) and American Cyanamid's "Aureomycin" (chlortetracycline). Exclusive licenses from foreign companies are held by Smith, Kline and French for the phenothiazine tranquilizers sold as "Compazine" and "Thorazine" and by Upjohn for its oral antidiabetic drug "Orinase."

In fact, the committee found that of 51 leading ethical drug products, accounting for two-thirds of the value of all prescription drugs in 1958, 27 were

* S. Report No. 448, 87th Cong., 1st Session, June 27, 1961.

produced by single companies. All the "one company" drugs were protected by patents, either granted or pending.

To some extent, patent-holders license other companies for production of the drug or sales or both. But frequently only a few other companies are licensed and licensees may have to agree to certain restrictions which have the effect of confining control of drug production and sales to the contracting parties.

An example of such "restrictive agreements" are those made by Carter Products for its patented drug, meproamate. For production of the drug in bulk form, Carter licensed several chemical companies but these companies agreed to sell exclusively to Carter and also agreed to turn over to Carter on a royalty free basis any inventions or improvements they might develop in the product. For sales, Carter turned to American Home Products, since Carter did not have a large sales organization. However, American Home Products must buy its bulk supplies exclusively from Carter, pay royalties to Carter on its sales and in no case may it sell the bulk supplies thus obtained to any other company. American Home Products sells the finished product as "Equanil" and Carter sells it as "Miltown."

Patent and restrictive licensing agreements are thus an important factor in limiting the number of companies producing particular drugs. They also operate to limit the number of sellers of drugs in many instances. In addition to the 27 drugs produced by only one company, eight were produced by only two companies and ten by only three. Out of the 51 products, most of which were under patent protection, only six were produced by more than three companies. A total of 20 companies produced 100 percent of the U.S. output of these 51 prescription drugs.

In particular, small businesses rarely succeed in obtaining licenses from large ones. One small manufacturer testified to the committee, "I cannot tell you of any significant patent in the pharmaceutical field that we, and several of the smaller drug firms, have been licensed under." Where a small firm has patents of its own, it does not usually have the funds to promote it successfully nor is it able to license large companies on terms advantageous to itself. Frequently they sell their patent outright or accept a "paid up royalty" of a nominal amount.

The contribution of product patents on drugs to high prices is almost self-evident. The Kefauver Committee found, for example, that drug prices in countries that grant product patents on drugs are significantly higher than in countries where this protection does not exist. On 12 major drug products for which comparative price information was available, it was found prices averaged from 18 to 255 percent higher in countries providing patent protection on drugs than in countries without product patents. Since most foreign countries do not grant product patents on drugs, foreign prices are usually lower than U.S. prices.

As an example of pricing within the United States, the committee found that bulk prices of unpatented

penicillin and of streptomycin (freely licensed under a non-commercial patent) fell by 90 percent over the 10-year period 1951 to 1960. Over the same period the price of four patented antibiotics—Aureomycin, Chloromycetin, Terramycin and the five brands of tetracycline—remained rigid, at \$5.10 to druggists.

A basic question is raised as to whether patent monopolies and restrictive licensing arrangements should be allowed to exist or at least over such a long period of time as 17 years where products directly affecting human health and life are involved.

Most foreign countries do not issue product patents on drugs. Out of 77 countries for which the Kefauver Committee obtained information, only 28 granted product patents on pharmaceutical products. Even those which do grant patents frequently limit them as to the particular types of products on which they may be obtained or make provision for compulsory licensing to other companies under certain conditions.

The basis for withholding or limiting patent rights on new pharmaceutical products is, in the words of the Kefauver Committee report, "the simple moral belief that no one should have the right to withhold from the public products which relieve suffering and may spell the difference between life and death. No one, it has been felt, should make a monopoly profit on the sale of such products."

2. Brand Names

A second important factor in establishing and maintaining high prices for drugs is control of the market by large manufacturers through the use of company brand names for drugs as a replacement for the name of the drug itself (the so-called "generic name").

Thus where a drug is not patented or for some reason has been widely licensed for sale by a number of companies, large firms can nevertheless control the market by successfully persuading physicians to prescribe their brands to the exclusion of all other brands. In this way they can virtually cut off the competition of smaller producers selling the same drug.

Sales by small firms are in fact confined mainly to the "institutional market"—hospitals operating on the "formulary system" and federal, state and local government agencies purchasing drugs for institutional use on a competitive bidding basis. Under the hospital "formulary system," the hospital buys drugs by generic name and physicians using the hospitals agree to have these drugs used on their hospital patients, even if prescriptions actually specify trade names. The system is very old, dating back to at least 1816. Much of its original purpose was simply to insure that the hospital will not have to carry large stocks of duplicate preparations.

For those drugs that are fairly widely available from a number of sellers, small and large, there is a striking difference in the price at which they sell under leading brand names as compared with the price at which they are offered by the smaller companies whose brands are not widely advertised.

Unpatented penicillin potassium G tablets, for example, are \$11 or \$12 per 100 when sold by a large company such as Parke, Davis or Lilly or Merck. The same product is available from small companies with in a price range of \$3 to \$5.

Prednisone can be purchased at \$1.75 per 100 tablets under its generic name as against \$17.90 for the same 100 tablets under its most highly advertised brand name.

A sample listing of unpatented drugs submitted by Premo Laboratories made the following comparison of Premo prices with prices charged under leading brand names:

Prices Charged to Druggist per 100 Tablets			
Branded Drug		Same Drug by Premo	
Pentids "400"	\$14.75	Penicillin 400 MU	\$3.75
Benzedrine Sulfate 10 mg		Amphetamine Sulfate 10 mg	
	2.66		.27
Aralen Phosphate 250 mg		Chloroquine Phosphate 250 mg	
	6.70		3.60
Nembutal 1½ gr.	2.16	Sodium Pentobarbital 1½ gr.	.78
Ergotrate Maleate 0.2 mg	5.10	Ergonovine Maleate 0.2 mg	2.55

Generic names for drugs are coined by the drug manufacturers themselves, a fact which contributes to discouraging their use by doctors. The idea is to make generic names as long, difficult and unpronounceable as possible so doctors will find it easier to use brand names instead. (The generic name is a shortened form of the drug's basic chemical name which describes the full chemical composition of the particular drug.)

As one doctor stated at the hearing: "I would say

isocrabaxid, prochlorperazine, piperidolate, thio-propazate and thioridazine. Even though I am, so to speak, paid by the university to maintain a familiarity with these, I find it much easier to use Librium, Marplan, Compazine, Dactil and Dartal, in spite of the similarity in names, and Mellaril.

"The company nominates the name. It can be reviewed, I think, by the Council on Drugs of the AMA . . . In practice, the industry is pretty much allowed to nominate the name on the basis of a real or fancied relation to the chemical name."

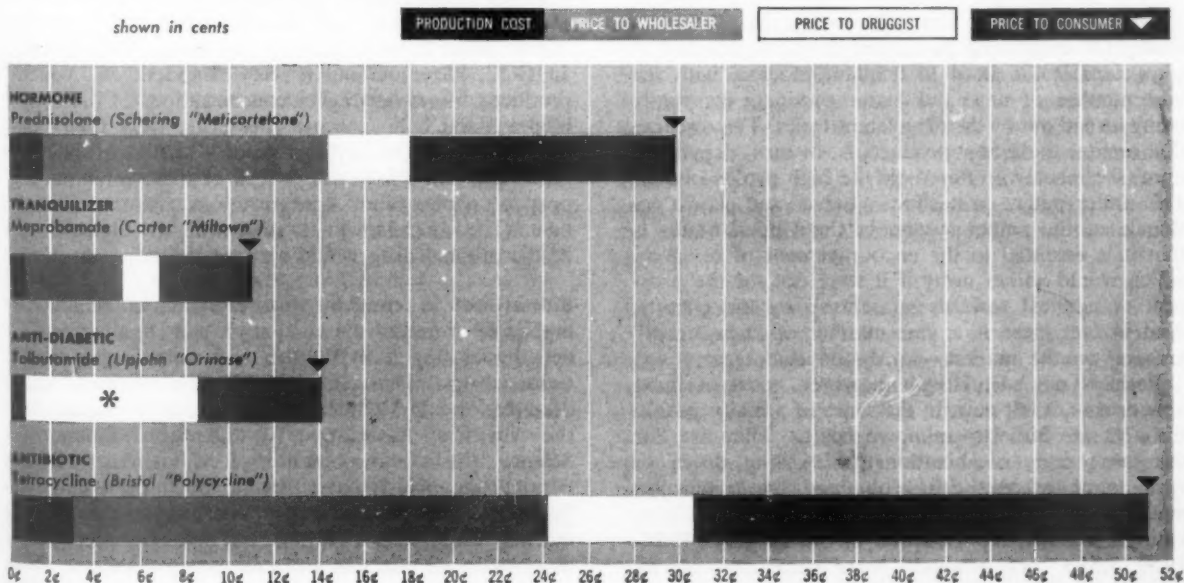
3. Advertising Expenses

For successful exploitation of the profit potentials provided by patent monopolies and brand name specialties, the drug industry spends huge amounts of money for promotion and advertising. In the year 1958, the industry is estimated to have spent about \$750 million for this purpose, of which over three-fourths or \$580 million was spent by the 22 largest firms. By contrast, the total funds available to all medical schools in the United States for their educational programs amounted to \$200 million in 1957.

With companies vying with each other in promotional efforts, advertising has inevitably become more and more and more lavish, more and more expensive. In the period from 1953 to 1958, drug company advertising in medical journals and direct mail alone rose by 219 percent. A few short years ago, a full-page journal ad, in color, was considered sufficient to attract the physicians' attention, but now special inserts are used running to 4, 8 or 16 pages.

Today's industry employs a vast army of "detail men"—15,000 strong, or one for every 10 doctors in the United States, to explain and promote company

PRODUCTION COSTS AND DRUG PRICES Per tablet or capsule



products in personal calls to physicians and pharmacists. Advertisements appear in hundreds of medical publications and some 5,000 drug mailings pour into the doctor's office in a year. One doctor estimated it would take "2 railroad mail cars, 110 large mail-trucks and 800 postmen to deliver the daily load of drug circulars and samples to doctors if mailed to a single city. Then after being delivered, it would take over 25 trash trucks to haul it away, to be burned on a dump pile whose blaze would be seen for 50 miles around."

In 1958 the pharmaceutical industry, according to a Parke, Davis official, provided "3,790,905,000 pages of paid journal advertising, 741,213,700 direct mail impressions and well in excess of 18 to 20 million physician and pharmacist calls."

To launch just one product in today's market may cost a company in the neighborhood of \$2 to \$3 million. For example, the first year promotional budget for the Achromycin brand of tetracycline totaled \$2,447,000. Every physician in the country received two mailings each week for 52 weeks and more than \$1 million was spent on visits by detail men to explain the advantages of the new product.

The vast outlays for advertising are a final factor in freezing small companies out of the market. "Advertising costs," according to Seymour Blackman of Premo Laboratories, "are so disproportionately expensive, small companies cannot afford to make their way in the marketplace." He testified "The only real competition that we have in our field is the tremendous competition for the eye and ear of the physician, how many pages of advertising we can put out, how many samples we can distribute, how many detail men we can put in the field. These and these alone govern the ultimate acceptance of the product."

The "Proliferation of New Products"

One of the major justifications offered by the industry for large-scale promotional efforts directed at physicians is the need to acquaint doctors with the vast number of new and better products constantly being turned out by the drug laboratories. The research that creates these new products is, in turn, dependent upon the incentive offered by the high profits obtainable under patent protection. Indeed the classic rationale of the patent system in the United States is that it is essential to the encouragement of research, which would wither away if it were not for the prospect of tangible rewards guaranteed by the patents. And in fact there is a vast number of "new drugs" arriving on the market—some 400 each year.

Perhaps not surprisingly, however, most of these new drugs are not new, in the sense of a major breakthrough into hitherto unknown fields. They are, for the most part, combinations of existing drugs or variants of existing drugs obtained by "molecular modification." Paul de Haen, a pharmaceutical marketing specialist, reported that in the 10 years 1950-1959, 3,583 "new products" were introduced, but 88 percent of them were combinations or duplicates of previously known substances. Of 63 new single chem-

icals introduced in 1959, 34 were either derivatives of existing drugs or new salts of old drugs. Of the remaining 29 totally new drugs, 13 were developed in Europe.

Long term research into genuinely new areas is risky from the profit viewpoint since such research may have to extend over many years with no guaranteed results.

Profits can be made much more quickly and reliably by exploiting the further possibilities of existing products and methodologies. Competent testimony by medical witnesses before the Kefauver Committee charged that the research race is largely directed toward devising minor variations in existing drugs patented by competitors so as to cut into their market at the prevailing high price, or to devise patentable variations of unpatented drugs and so escape the rigors of competitive pricing. With the aid of advertising, a new drug does not have to be very new or even very useful in order to be assured of sales.

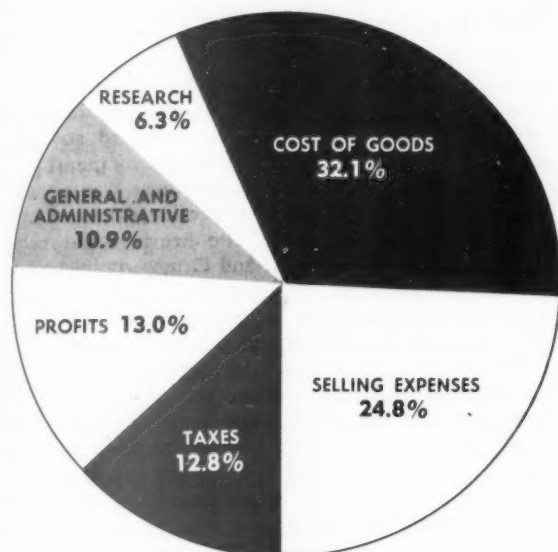
Dr. A. Dale Console, formerly medical director of Squibb, told the Kefauver Committee: "I doubt there are many other industries in which research is so free of risks. Most must depend on selling only their successes. If an automobile does not have a motor no amount of advertising can make it appear to have one. On the other hand, with a little luck, proper timing and a good promotion program a bag of asafetida with a unique chemical side chain can be made to look like a wonder drug. The illusion may not last but it frequently lasts long enough. By the time the doctor learns what the company knew at the beginning it has two new products to take the place of the old one."

An example cited by Dr. Harry F. Dowling of the University of Illinois was the competitive modifications of erythromycin, introduced by Lilly in 1952, and oleandomycin, introduced by Pfizer in 1956. These drugs have practically the same effectiveness. In 1957, Pfizer put out triacetyloleandomycin, which produced somewhat higher concentrations of the drug in the blood. To counter this drug, Lilly then put out a new salt of erythromycin, which was said to outdo the new Pfizer drug. "All of these attempts to produce higher blood concentrations are of doubtful benefit," said Dr. Dowling, "since a slightly higher dose of the original drug would achieve the same results."

Sometimes a combination drug is launched to make use of one of the company's less effective products by putting it in tandem with one of its more useful drugs. One such combination, Deprol, was described by Dr. Chauncey D. Leake, President of the American Association for the Advancement of Science: "It is a combination of Miltown . . . with Benactyzine, which hasn't found much of a market because it . . . produces very unpleasant side effects in many cases. So what has been done is to combine these two, one effective and one not so effective, and ascribe to them a new effect; namely, one of being effective in depressions . . . There is not much to

THE DRUG COMPANY SALES DOLLAR*

(22 Manufacturers, 1958)



* Figures do not total 100 because of rounding.

SOURCE: Senate Report No. 448, 87th Congress, 1st Session, p. 31

substantiate the first early claims of its efficacy in depressions."

At the same time the industry has often been reluctant to undertake the risks of developing and producing genuinely new products. Penicillin, the first antibiotic drug, was discovered in England by independent research and the United States Government offered substantial financial assistance to several companies in order to get them to produce it.

Production of Salk vaccine, discovered by Dr. Jonas Salk, was started in 1953 by several big companies only after the March of Dimes had guaranteed them against financial loss. Drug companies have been reluctant to participate in government-financed programs for cancer research, even though the company that discovers a cure will be given the right to patent it. And drug companies have contracted for very little of the government money offered for research into mental diseases.

The grant of patent protection, while encouraging further exploitation of existing drugs, often for the sake of mere style changes, provides no sure incentive to the undertaking of basic research. For example, Germany, Switzerland and France, none of which have product patents on drugs, are outstanding for basic discoveries in the pharmaceutical field. The Kefauver Committee's list of basic drug discoveries by country of origin showed that discoveries in countries without product patents outnumbered discoveries in countries with product patents by 10 to 1.

The large volume of new products, many of them

representing variants or combinations of existing drugs, has given a new dimension to the problem of physician understanding of their merits and demerits.

Traditionally it has been assumed the physician needed no special guidance in the prescribing and dispensing of ethical drugs. By background, training and experience, he is something of a chemist himself. For his further education on the uses and hazards of particular drugs, objective reports of clinical studies are printed in professional journals such as the *Journal of the American Medical Association*. Advertising "puffs" by manufacturers and their representatives could easily be discounted by any licensed M.D. on the basis of his own knowledge of pharmaceutical chemistry.

Thus the 1938 law giving the Federal Trade Commission authority to police misleading advertising claims virtually exempted advertising materials directed solely at physicians.

Similarly, when the Food, Drug and Cosmetics Act was amended in 1938 to require that new drugs be cleared for "safety" by the Food and Drug Administration before being put on the market, the regulations adopted at that time allowed new prescription drugs to be marketed with a minimum of informational material as to directions for use and warnings as to hazards.

FDA Commissioner Larrick explained in a recent speech: "When we drafted regulations under the 1938 law, we were advised that physicians because of their extensive training didn't need a great deal of 'use' information and ordinarily didn't need warnings in the labeling of drugs that could be sold only on prescription . . . So the regulations issued allowed 'prescription-only' drugs to be marketed with little information of this type."

Further, the 1938 law required only that the drugs be cleared for "safety." The law did not require that any proofs be submitted as to the "efficacy" of the drug; that is, whether the drug would actually have the curative effects claimed for it by its manufacturer. A clearance by FDA meant only the drug would not harm anyone; it did not mean the drug would actually help anyone.* The FDA might later challenge misleading claims for effectiveness, but the burden of disproving the claims lay upon the government agency.

The assumptions as to physician knowledge or easy access to reliable information on new prescription drugs were rapidly made obsolete by the postwar expansion of the industry and its rapid-fire upsurge of new drugs at the rate of 400 a year. But there were far too many for the average busy practitioner to follow up in professional journals. For some types of drugs, reports appeared mainly in specialty journals not read by general practitioners—who account for about

* Certain drugs offered for life-threatening diseases are cleared for use even though they have serious side effects, if their possible effectiveness merits taking the risk.

75 percent of all drug prescriptions written. And the continuous new drug developments made it hard for doctors to draw on what they had learned earlier in medical school.

Almost by default, the further "education" of physicians fell into the hands of the prescription drug industry itself.

Advertising material frequently contained unsubstantiated claims as to the curative properties of drugs and played down or concealed harmful "side effects" associated with their use. One company claimed, for example, that "over 200 reports" had appeared in medical literature on a particular drug, but failed to mention that 60 percent were either unfavorable or irrelevant. Professional journal articles were quoted out of context, making them seem to endorse one drug when the article actually endorsed another. Some companies circulated reprints of laudatory articles from questionable journals under domination of the drug industry, with the companies even "ghostwriting" the articles themselves. Unscientific physician "testimonials" were cited in ads as "proof" of the claims made for the drug.

The concealment or misleading description of "side effects" was reported on in detail by the Kefauver Committee in the case of several special products. A rather typical complaint was that made by Dr. Fritz Freyhan, director of research, Delaware State Hospital, on an ad for Miltown: "The general practitioner, the specialist in another field, does not read these articles and he may be altogether dependent on a page such as this on Miltown which says, 'For the tense and nervous patient, relief comes fast and comfortably' . . . But the advertisements do not say anything about the undesirable reactions which have also been observed in the literature. Therefore, I think they are misleading."

As a result of the extensive complaints made by doctors during the Kefauver investigations, the Food and Drug Administration revised its regulations. Doctors will now be reasonably certain of obtaining full directions for the use of new drugs and full warnings on "side effects." Under the new regulations, all labeling for prescription drugs as well as promotional materials mailed to doctors must contain full information about the drug, including "relevant hazards, contraindications and precautions." Also each prescription drug (except those commonly familiar to doctors) must include a "package insert" giving full directions and warnings.

This revision in regulations, however, does not dispose of the problem of false claims for drug "efficacy."

The Secretary of Health, Education and Welfare, Abraham Ribicoff, in recent testimony before the Kefauver Committee, complained: "In several instances we have had to clear drugs for general distribution because they were shown to be safe under the conditions of use proposed in their labelings, despite the fact that our medical officers knew of no evidence to support some of the therapeutic claims made by the manufacturers."

Prescribing by Generic Name: Is it Safe?

Quite apart from the economic pressures to get physicians tied to particular drug brand names, the question was debated at length as to whether it is "safe" for an individual physician to prescribe a drug by generic name and leave it to chance as to which manufacturer's product reaches the ultimate buyer. Can small manufacturers of unadvertised brands be relied upon to produce drugs of standard strength, quality and purity, as the law requires of them?

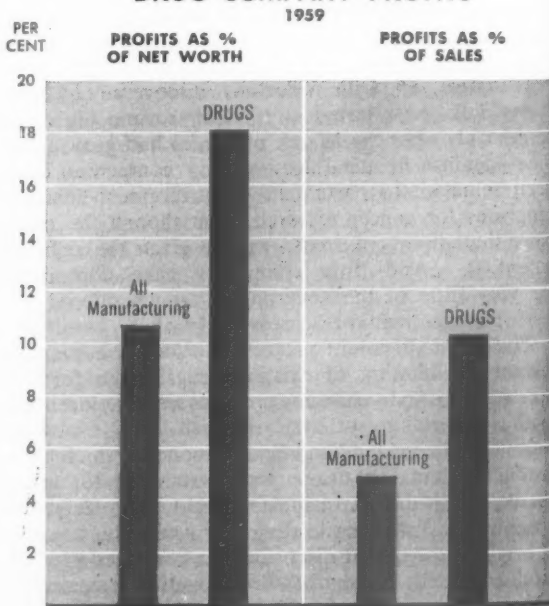
The Kefauver report concluded there was no evidence that small manufacturers produced less reliable products than large ones. The hearings did bring out, however, that the Food and Drug Administration has neither the money nor adequate inspection authority to police properly the factory production of drugs, whether made by large manufacturers or small.

The chief lacks in FDA inspection authority are the right to inspect (1) manufacturing formulas to determine that the proper ingredients are being used in the proper amounts; (2) complaint files, to determine at the earliest possible time, any problems arising from the use of the manufacturer's product and (3) personnel files, to find out whether persons handling the firm's chemicals are qualified for such tasks. Authority is also needed to inspect prescription files in drug stores to trace lots of bad drugs and to trace any illegal diversion of prescription drugs.

Proposals for Reform

The principal and most comprehensive proposal for reform of the prescription drug industry is the bill (S. 1582) introduced by Senator Kefauver and based upon the lengthy investigation by his subcommittee.

DRUG COMPANY PROFITS



SOURCE: Federal Trade Commission and Securities and Exchange Commission

AFL-CIO AMERICAN FEDERATIONIST

The four major reforms the Kefauver bill would make are as follows:

1. Promote lower drug prices by loosening the stranglehold of patent and brand-name monopolies on drug production and sales.

● On patents: Patent-holders on drug products would, after a patent has run for three years, be compelled to license other manufacturers for production and sales of the drug. Such a license could not contain any restrictions or limitations on the right to make, sell or use the drug. The licensee would pay a royalty of up to 8 percent of the selling price until the expiration of the full 17-year patent protection period. Private agreements among companies to resolve conflicting patent claims would be forbidden; competing applicants could not make special agreements among themselves for special licensing privileges to be obtained from the successful patent applicant.

● On brand names. The bill does not forbid the use of brand names. It seeks, however, to make the generic names more readily usable by physicians. To prevent the deliberate coining of difficult generic names by drug companies, and to see that every drug has a generic name, it places upon the Secretary of Health, Education and Welfare the responsibility for approving and publishing such names. Labels and advertising matter for prescription drugs would have to carry the generic name in type just as large as that for the brand name.

2. Increase the safety of and usefulness of drugs put on the market.

● Clearance for efficacy. The Department of Health, Education and Welfare, through the Food and Drug Administration, would be empowered to pass on the "efficacy" of new drugs, instead of merely on their safety. This would protect the public against both waste of money and danger to health arising out of the use of drugs that are ineffective for the conditions they purport to treat.

● More thorough consideration of new drug applications. Opportunity for more deliberate consideration of new drug applications is given by removing the present provision under which a new drug gets automatic approval 60 days after application is filed unless objection has been raised by the Food and Drug Administration. Under the bill new drugs could not be put on the market without specific, affirmative approval. A technical gap in FDA safety authority is remedied by extending to all antibiotic drugs the special testing and certification procedures now applicable only to certain antibiotics specified by law.

● Licensing and inspection of drug manufacturing establishments. All drug manufacturers would have to be licensed by the Secretary of Health, Education and Welfare in order to operate. Drug establishments would have to meet certain operating standards in order to qualify for such licenses. The Secretary is given broad powers of inspection which close up the gaps in present authority to police the safety of manufactured products.

The licensing requirements and new inspection au-

thority specifically tie in with the bill's other provisions for opening up patents after three years and for encouraging the prescription of drugs by generic names. Only manufacturers licensed by the Secretary could secure licenses under patents. Doctors could feel safe in prescribing by generic name because the products of all manufacturers would have adequate policing by the government agency.

3. Furnish doctors with truthful information.

The bill combats misleading information about drugs by providing for wide availability of truthful information about them. This would be done mainly through increased distribution of the descriptive "package inserts" which the FDA now requires to be placed in prescription drug packages. Drug manufacturers would be required by law (as they now are under recently amended regulations) to include a copy of the "insert" along with any promotional material mailed to doctors. In addition the FDA would be required to publish copies of these inserts in quantity and distribute them generally to doctors, hospitals, medical and nurses training schools and government agencies concerned with drugs.

Advertisements, whether in journals or in direct mailings, would have to include a warning approved by the FDA as to any dangerous effects plus a "full and correct statement of efficacy."

Finally the FDA would be required to publish and distribute to physicians at least once each year a special list of drugs which may have particularly dangerous or harmful effects.

4. Discourage the proliferation of inconsequential drug modifications and combinations by tightening the standards for issuing patents on drugs.

Under the bill a new drug which is a modification or combination of existing drugs could be patented only if it has significantly greater therapeutic effect than the previous drug or drugs. The determination as to "significantly greater therapeutic effect" would be made by the Secretary of Health, Education and Welfare.

In Summary

The American prescription drug manufacturing industry clearly stands in need of change. The abuses revealed by the Kefauver investigations are economic, medical and moral. The structure of high prices rests upon a system of patent monopolies and restrictive licensing agreements, plus brand name specialization, backed up by huge advertising outlays. On the medical side, basic advances in drug research have been subordinated to the development of minor derivatives and recombinations of existing substances, frequently of no demonstrated necessity and sometimes valueless, which can nonetheless be sold to the public at a rewarding profit. The proliferation of often useless drugs to the accompaniment of unsubstantiated claims poses a danger to the public health, as does the concealment of hazards associated with powerful drug agents.

In the light of all the facts developed during the hearings, Senator Kefauver's proposed remedies, set forth in his bill S. 1522, represent minimum reforms.



The Revolution In Retailing

by James A. Suffridge

As the Christmas shopping season gets under way, something new has been added to the unceasing war for the consumer's dollar that is known as merchandising. It's what is referred to in the trade as the Fourth Revolution.

This revolution is marked by the mushroom growth of discount stores. They started popping up in side streets off the main shopping stems only recently as cut-rate, individual outlets. Yet today's 3,000 discount stores are expected to pile up sales of \$3 billion before the end of the year. And the way the revolution is sweeping forward, they may account for three-fourths of all retail sales in America within a decade.

What's happening is simply this: The established competition, having failed to lick them, is now beginning to join the discounters in full force. Some of the big department stores, usually the most conservative group in retailing, have announced their entry into discounting. So have several of the major variety and food chains. Even one of the giant mail order houses is seriously considering trying out the new selling apparatus.

The success story of the discounters was based on two simple merchandising truths:

- Rapid velocity or high volume sales at low profit margins can bring greater revenue than small volume at double the profit margin.

- Low-cost operation can offset high markups.

The reduction of costs and overhead was accomplished in the discount houses primarily by eliminating frills and by clever buying practices.

For example, the discount houses—at the outset—stocked only staple, fastmoving appliances which they

bought direct from the manufacturer in carload lots at reduced prices. Low-rent, groundlevel locations were deliberately sought, without expensive decor and costly displays. The discount houses operated on a cash and carry basis. No telephone orders, home delivery, credit or unlimited exchanges.

By these methods the discount houses were able to operate profitably at markups from 15 to 25 percent, while the traditional department store would need markups of from 25 to 40 percent to cover overhead and make a comparable profit.

Necessarily, or so it seemed to management, the department store had to carry in stock almost everything any customer might conceivably want. The discount houses junked that approach. They stocked only the items most people wanted to buy the most. That is the secret behind their high rate of merchandise turnover—estimated at about eight complete turns of stock a year as against four for department stores.

It is interesting to note that paralleling the invasion of department and chain stores into the discount field, the original discount houses are spreading out and dressing up to match their more ostentatious rivals.

This turn of the circle is very revealing. It must be remembered the advent of the department store at the beginning of this century was regarded as the revolution in merchandizing and its low-price approach led in 1900 to charges before the U.S. Industrial Commission of unfair competition. The next revolution emerged from the development of national chains. The third, which seems to have taken place just the other day, was the self-service supermarket which transformed the marketing habits of most housewives.

Throughout its history, the trade union movement has never ignored revolutions, whether political or industrial. Anything which deeply affects the public provides a new challenge for trade union members, both as wage earners and consumers.

The executive board of the Retail Clerks International Association has called upon all our local unions to make a concentrated effort to organize the employees of this new and rapidly developing segment of the retail industry. The RCIA organized the employees of supermarkets by moving into that area promptly and effectively. We are going to make an equally determined and successful effort in the discount stores.

Consumers have the right to stretch the purchasing power of their hard-earned dollars as far as they will go. Undoubtedly, the vast majority of the customers of discount stores are trade union members. For that reason, they also have the right of full assurance that these stores are not cutting prices by anti-union methods, including the lowering of union standards.

Such assurance can be readily and visibly available to trade union members by the display of the Union Store card. If you see that store card in the window, you can buy with confidence and tell the management "Count me in." If not you can tell the owner "Discount me out."

JAMES A. SUFFRIDGE is president of the Retail Clerks and a vice-president of the AFL-CIO.

Employment Changes And Union Growth

At the AFL-CIO General Board meeting on organizing on October 9, 1961, Stanley Ruttenberg, AFL-CIO Director of Research, analyzed broad employment and union membership data significant for organizing policy. The highlights of his analysis are presented in this series of charts and comments.

The changing composition of American employment has created many organizing problems for the trade union movement in recent years—and may create even greater problems in the future.

The most significant change is the shift in employment from blue collar to white collar occupations, from mining, transportation, manufacturing and construction industries to government, trade, services and finance industries. The employment statistics over the years show a steady decline in the proportion of

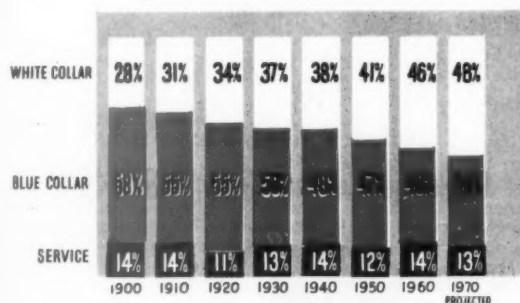
workers in the blue collar production jobs and a steady growth in white collar employment.

Most union membership growth, however, historically has been in the blue collar jobs, with a smaller proportion of union organization in white collar occupations.

This means the most rapidly expanding employment is in sectors of the labor force where union strength is the lowest. The statistics on employment growth trends in the white collar areas make it clear that if organized labor is to continue to grow and expand with the changing labor force, substantial organizing progress must be made in the white collar sectors.

The dimensions of the changes in employment and in union membership over the years are traced here.

Shift in occupations 1900-1970



GROWING PROPORTION OF WORKERS ARE IN WHITE COLLAR JOBS

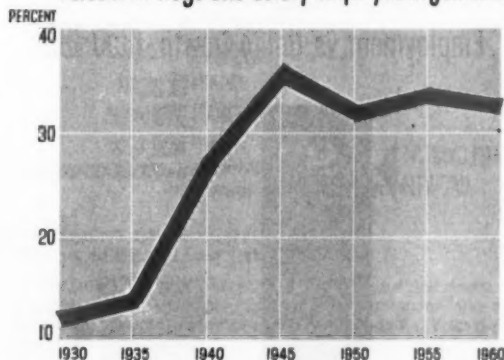
In 1900, nearly 60 percent of all nonfarm workers were in blue collar occupations (craftsmen, skilled and semi-skilled operatives of various kinds, laborers). That percentage has been shrinking steadily and is down to 40 percent in 1960.

Employment in white collar jobs (clerical, sales, professional and technical, managerial) has been expanding markedly, rising from roughly a quarter (28 percent) of all nonfarm workers in 1900 to nearly half (46 percent) today.

Put another way, for every two blue collar workers in 1900 there was one white collar worker, but by 1960 there is less than one blue collar worker for every white collar worker.

Conservative projections by government economists for the next 10 years through 1970 show that this trend to white collar jobs will continue.

Percent of wage and salary employees organized*



*Union membership as percent of total nonagricultural employees

UNIONIZED PERCENTAGE EDGING DOWN

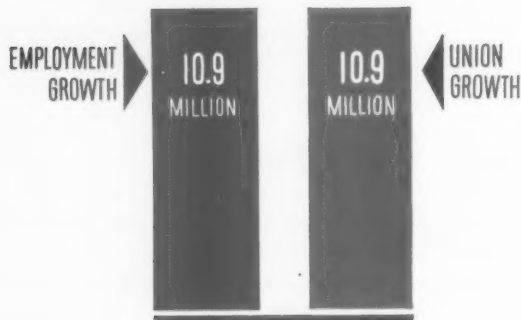
Union membership as a percent of all nonfarm employees increased sharply in the 1930s and early 1940s, rising from less than 12 percent in 1930 to 36 percent in 1945. (In absolute numbers, total union membership moved up from 3.4 million in 1930 to over 14.3 million in 1945, an increase of 10.9 million.)

Since 1945, however, the percentage of employees organized has been edging down. It decreased in the latter 1940s, rose slightly in the early 1950s, and declined further since 1955. The percentage has dipped from the 36 percent in 1945 to about 32 percent in 1960.

In absolute numbers, union membership has actually moved up since 1945 and stands at over 17 million in 1960, but because this increase has been slower than the increase in total employment, the percentage of employees in unions has been declining.

The next series of charts provides a direct comparison of increases in employment and increases in union membership in each of these periods.

Employment vs. Union Growth • 1930-1945



PRE-1945:

In the 1930s and first half of the 1940s, the net increase in union membership was as great as the growth in total employment.

Over these 15 years, employment increased by 10.9 million and, by coincidence, the increase in union membership was just about the same number (the additions to union membership were of course drawn largely from formerly unorganized employees and not merely from new employees).

Because the number added to unions was as great as the increase in total employment, there was no increase in the total left unorganized. (This accounts for the sharp increase in the unionized percentage in 1930-45 as shown in the preceding chart.)

Employment vs. Union Growth • 1945-1950

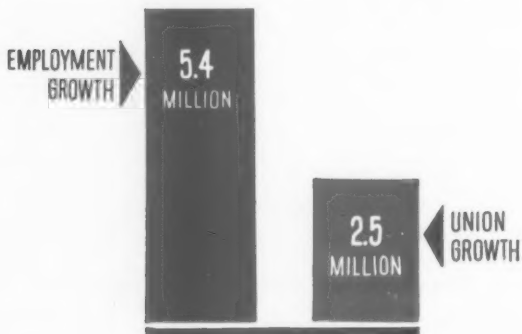


LATE 1940s:

In the last half of the 1940s (the early post-World War II years, including the first years of the Taft-Hartley Act), the increase in total employment was 4.7 million—but there was no increase whatever in total union membership. Some unions of course increased their membership, but others suffered losses; overall, membership did not rise.

With no growth at all in union membership, there was of course growth in the number of unorganized workers, for the entire increase in employment was a net addition to the unorganized group.

Employment vs. Union Growth • 1950-1955

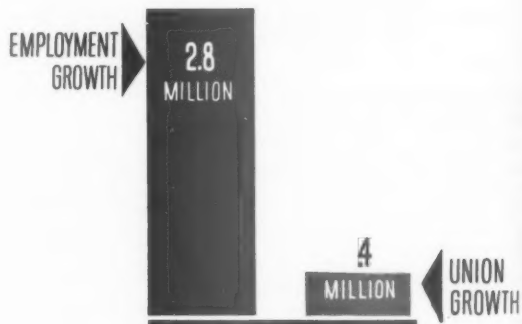


EARLY 1950s:

In the first half of the 1950s (the Korean War period), there was a pickup in union membership. Union growth totaled 2.5 million, while total employment in the period was growing 5.4 million.

That is, for every two workers added to the employment totals, there was one worker added to union membership and one to the nonunion ranks.

Employment vs. Union Growth • 1955-1960

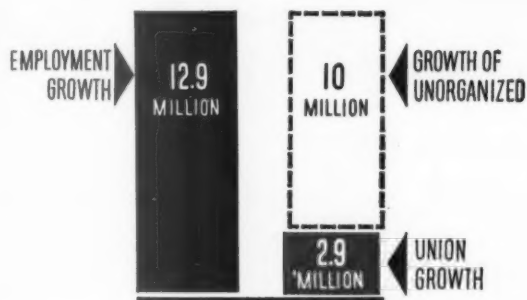


LATE 1950s:

In the most recent five years, the last half of the 1950s, there has been only a very slight increase in total union membership, a rise of less than half a million. During the same five years, employment increased 2.8 million.

Roughly this meant that for every seven employees added to the employment totals, there was an addition of one to union membership and six to the unorganized group. The percentage in unions therefore has declined in this most recent period.

Employment vs. Union Growth-1945-1960



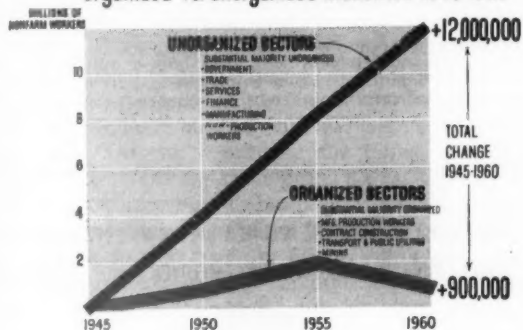
TOTAL POSTWAR PERIOD:

This chart is a 15-year composite of the three preceding 5-year charts. Over the entire 15 years since 1945, the increase in employment was 12.9 million. Broken down in terms of gains in organized versus unorganized totals, the net gain in union membership was 2.9 million, with the unorganized totals rising by 10 million.

In other words, for every additional member added to the union ranks since World War II, there has been an increase of more than three in unorganized workers.

The next two charts show how the 12.9 million increase in employment since 1945 is distributed on an industry basis.

EMPLOYMENT GROWTH Organized vs. Unorganized industries 1945-1960



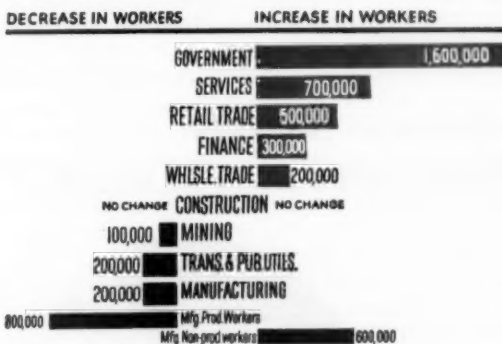
EMPLOYMENT INCREASES CONCENTRATED IN UNORGANIZED SECTORS

Of the 12.9 million increase in employment since 1945, fully 12 million have been in industries which are predominantly unorganized, that is, in which a substantial majority of workers are not union members. These broad "unorganized" sectors are government, trade, services, finance and nonproduction employment in manufacturing—all made up principally of white collar workers.

By contrast, the employment increase in the industries which are largely organized has been only 900,000. The "organized" sectors, those in which a substantial majority of workers have joined unions, are production employment in manufacturing, construction, transportation and public utilities and mines—all largely blue collar employment groups.

Indeed, in the most recent five years, with increasing growth of automation and other technological changes, an overall decline in employment has taken place in these organized industries.

Employment changes 1955-1960



EMPLOYMENT UP IN WHITE COLLAR, DOWN IN BLUE COLLAR INDUSTRIES

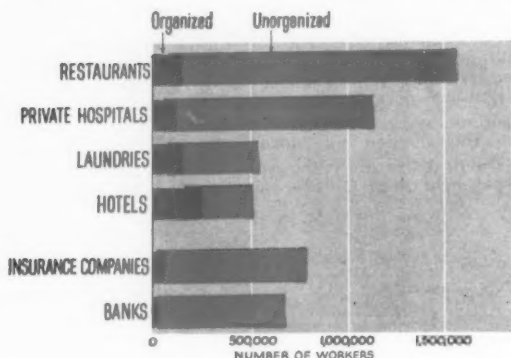
In the most recent five years, employment increases have been confined to the largely white collar industries, the industries in which union membership has lagged. The greatest employment growth has been in government (almost entirely state and local rather than federal government), with sizable increases also in service, retail trade and finance.

The industries in which employment has been decreasing are principally blue collar industries, the ones in which most union membership has been concentrated.

The bottom three bars point up the remarkable change taking place in types of employment. The "manufacturing" bar shows that manufacturing employment as a whole decreased 200,000 in the five years 1955-1960. The bottom two bars show that this overall decrease was due to movement in opposite directions: manufacturing production worker (blue collar) employment actually decreased much more severely—it fell fully 800,000. At the same time, however, manufacturing nonproduction (white collar) workers increased by 600,000 to offset most of the decline in production employment and to keep the overall decrease in manufacturing down to 200,000.

More recent employment data for late 1961 show a continuation of the trends in the chart. There have been further employment increases in 1961 in the industries which grew in 1955-60 and continuing decreases in those which have been declining. In construction, which had no change in overall employment in 1955-60, employment did pick up in 1961 to the extent of nearly 100,000.

Unionization in Major Service and Finance Industries

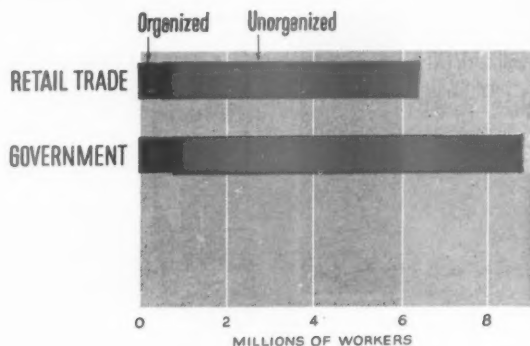


MAJOR ORGANIZING POTENTIAL IN RETAIL TRADE AND GOVERNMENT

Huge numbers of workers are employed in government operations and in retail trade. There are nearly 9 million government workers and about 6.5 million retail workers (not counting restaurant workers).

Actually, large numbers of them are organized: Over a million government workers are union members and more than three-quarters of a million retail workers are union members. Yet these employment sectors are so large that these union membership totals are less than 15 percent of their total employment.

Unionization in Retail Trade and Government

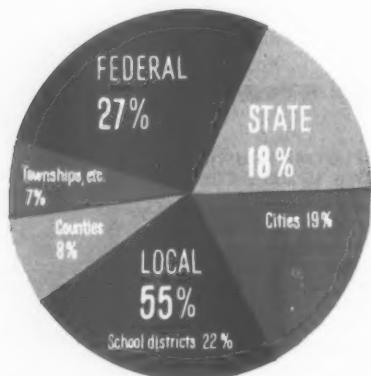


LARGE UNORGANIZED GROUPS IN SERVICE AND FINANCE

Only a minority of the large numbers of workers in major service and finance industries have been organized.

In services, restaurants employ over 1.5 million workers, but only some 10 percent have been organized. Private hospitals have over 1 million employees, with only 10 percent organized. Laundry employment, over half a million, is only 25 percent organized. Hotel employment, half a million, is almost 50 percent organized. In finance—insurance and banks—the union membership is well under 10 percent.

GOVERNMENT EMPLOYMENT Federal, State, & Local—8.8 MILLION



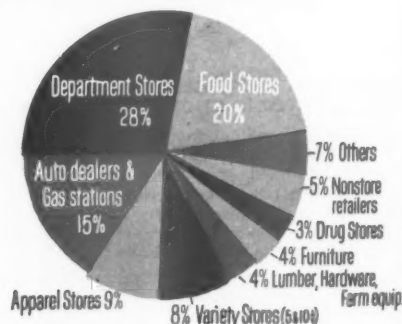
BREAKDOWN OF GOVERNMENT EMPLOYMENT

This and the next chart indicate the types of more detailed employment breakdowns in individual industries.

Of the nearly 9 million government workers, most are employed by local governments: either cities, counties, townships or school districts. (A large proportion are in the school systems.) Almost a fifth of government workers are employed by state governments. A substantial proportion, over a quarter (nearly 2.5 million), work for the federal government.

The seeds of employment growth—and union membership growth—are largely in the white collar fields. Unions can provide an effective helping hand so white collar employment growth can be translated into improved employee dignity and well-being and a meaningful employee voice in determining conditions of work.

Retail Trade employment* IN UNITS WITH 20 OR MORE WORKERS TOTAL: 2,600,000 NONSUPERVISORY EMPLOYEES*

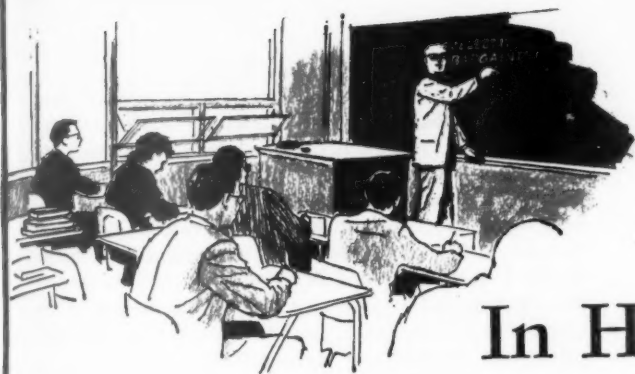


*EXCLUDES RESTAURANTS

NOTE: Percentages add to over 100 because of rounding

BREAKDOWN OF RETAIL EMPLOYMENT

Retail employees are in a wide variety of stores, often small establishments. But over 2.5 million nonsupervisory workers are in outlets employing 20 or more workers. The largest concentrations of them are in department stores (28 percent) and food (supermarket) stores (20 percent).



Teaching About Labor In High School Classes

by John P. Lunstrum & D. W. Murphy

In a large city in Indiana a representative of the Chamber of Commerce enters classrooms to help teachers plan the units of instruction and to select materials for the teaching of economics. In several other Indiana cities schools have administered a dubious questionnaire of "economic understanding" sponsored by local chambers of commerce.

Typical of the questions to which high school students were asked to give "correct" answers was "which has done the most to improve American living standards—government, business, unions?" Another loaded question: "Do you agree that the fairest economic system takes from each according to his ability and gives to each according to his needs?" If the student influenced by Judeo-Christian precepts of social welfare should answer "yes" to this question, he would be subject to the charge of "communist." In one community, so many "wrong" answers were recorded teachers were urged to admit local business representatives to their classrooms to provide the "correct" answers.

One of the main reasons social science teachers yield to such special interest pressures is they themselves have not been adequately prepared to handle problems of economics. A nationwide survey disclosed nearly half of all social studies teachers have not had even one formal course in economics. Under these conditions it is not too surprising that some teachers have difficulty in the objective analysis of economic problems and confuse fact with opinion.

These are some of the considerations which were the subject of discussions in the Indiana University Faculty-Labor Advisory Committee on Labor Education. Certainly, it was agreed, there are no simple solutions to these problems. It was felt, however, that something could be done to give teachers a better understanding of the role of unions and collective bargaining.

Out of these discussions there developed a seminar for high school teachers on the role of unions in the

American economy. The seminar met during the University's regular summer session for two hours each week. Although the seminar carried no credit, twenty-five teachers took the course.

The discussions which led up to the organization of the seminar had indicated a real need for better understanding and a more objective treatment of unions and collective bargaining. Interviews with teachers and school administrators indicated the reported incidents could not be dismissed as merely isolated developments or irresponsible activities of a "lunatic fringe." Teachers in various communities reported that free educational pamphlets and texts which they had requested from the AFL-CIO were being removed from school libraries or somehow were mysteriously delayed in transit through school administrative offices.

Some teachers, inadequately prepared in their teaching area, proved especially vulnerable to special pleading. Moreover, studies of teacher attitudes pointed up much confusion in the handling of controversial issues. While social studies teachers may endorse the principle of constructive use of controversial topics in the classroom, they experience difficulty in putting this into practice. They may be tempted to "play it safe" when such provocative topics as "right-to-work" laws or "featherbedding" are introduced into class discussions. The result has often been that teachers practice a great degree of voluntary censorship, with large areas in the social studies "closed" to rational inquiry. One of these "closed areas" has often been economic thought and action, including the subject of labor unions.

These comments should not be interpreted as criticism of teachers. Teachers have rendered dedicated service in spite of being overworked and undervalued. The fact their training has lagged behind advances in other professions is probably a reflection of our past national indifference to the values of education. At the same time, concern for more objective instruction in the social studies should not be viewed as an indictment of business and industry. Enlightened leaders

JOHN P. LUNSTRUM & D. W. MURPHY are with Indiana University. Lunstrum is University Coordinator for Social Studies; Murphy is director, Bureau of Industrial and Labor Services.

EDUCATION News and Views

in these fields have given valuable support to promising projects in economic education as witnessed, for example, by the work of the Joint Council on Economic Education, the Committee for Economic Development and the Purdue University Economic Education Advisory Board.

One solution to the present dilemma of social studies teachers would be to isolate the schools from all competing viewpoints. But this would defeat the purpose of education in a democratic society. Students must somehow learn how to engage in intelligent decision-making. Consequently, they must be able to discipline controversy along intellectual and moral lines, for controversy is inevitable in a democratic nation. Also, major segments of the American economy have a legitimate interest in helping students understand how these interest groups look at economic issues. What is needed, however, is the use of a broad concept of "collective bargaining" leading to a course of action satisfactory to all parties. This approach distinguishes education which recognizes freedom of choice from indoctrination which demands an unreasoning allegiance to a particular dogma.

The subject for the first meeting of the Indiana seminar was the Interdependence of Business, Labor and the Community. A professor of sociology from the University conducted this session which dealt with business and organized labor as important groups influencing community policy. Subsequent meetings were conducted by members of the University faculty from the Department of Economics and the Bureau of Industrial and Labor Services on the following topics: History of the American Labor Movement, Structure and Government of the American Labor Movement, How Collective Bargaining Works, Public Control of Labor Relations, and Trade Union Philosophy and Objectives. For the last session, a panel was set up to discuss and answer questions of a general nature. The panel included a representative from the University's Bureau of Industrial and Labor Services, a representative from the Department of Management and the president of the Indiana State AFL-CIO. Members of the University faculty contributed their services in connection with the program, making it possible to offer the seminar without charge.

There was some doubt as to whether or not teachers enrolled in the summer session for credit work would give time to a non-credit course. However, a certificate of completion was offered to those attending six of the seven sessions. In addition, the State AFL-CIO offered a year's subscription to the AFL-CIO News. Also, considerable effort was given to promotion and publicity.

To enlist the interest of teachers and school administrators in the seminar, the University Bureau of Industrial and Labor Services prepared brochures setting forth the objectives of the program, the speakers and topics. The Coordinator for School Social Studies arranged for the mailing of brochures to all Indiana secondary school principals and all members of the

Indiana Council for the Social Studies.

On the campus, information about the seminar was provided by the School of Education faculty serving as advisors to large numbers of social studies teachers engaged in graduate study during the summer session. During the first week of the summer session, the student newspaper and the local press carried accounts of the seminar; the Radio and Television Department of the University issued news releases and a special telecast featured an interview with specialists in labor economics emphasizing the opportunities of this experimental approach to teacher education.

In the average attendance of 30 persons, approximately 25 were high school teachers of social studies (history, government, geography, etc.). Of these 25, five teachers reported they taught formal courses in economics. In terms of educational background, teaching assignment and age, the group proved to be quite diverse. Five teachers commuted from Indianapolis and Greenfield for each session. The remainder included several experienced members of the Bloomington High School and University High School faculties, as well as teachers from North Carolina, Mississippi and Wisconsin enrolled in graduate study. One participant was just completing his undergraduate requirement for a teaching license prior to taking a position in a northern Indiana industrial area. Two other participants were Roman Catholic sisters teaching in Wisconsin parochial schools. In spite of the fact the program was designed primarily for teachers, approximately five graduate students in other departments or local citizens attended each meeting.

As measured by written evaluations after each session, the group appeared to be enthusiastic about the program. Some teachers wrote that the high point was the excellence of the lectures and the useful bibliographies and teaching materials distributed. Others felt the discussion session following each lecture clarified issues and stimulated further reflection. The teachers particularly appreciated the opportunity to question influential representatives of organized labor and some reported they were impressed by the sincerity and insight displayed by the leaders of the labor movement in Indiana. A few felt some of the labor representatives had hurt their cause by too partisan an approach. All agreed the series was valuable and should be continued.

The chief criticism seemed to focus on the absence of management representatives in most of the discussions. At the request of several participants, a member of the School of Business faculty explained the position of management on several issues during the final session.

On balance the sponsors found the results of the seminar encouraging. We had been warned by some of our colleagues that teachers would not attend a non-credit seminar. Our experience completely shattered that illusion. If the topics chosen for discussion are meaningful and competent speakers are available, it is possible to involve teachers in a serious approach to the study of labor problems.

A Look at Congress

Labor Looks at Congress 1961.

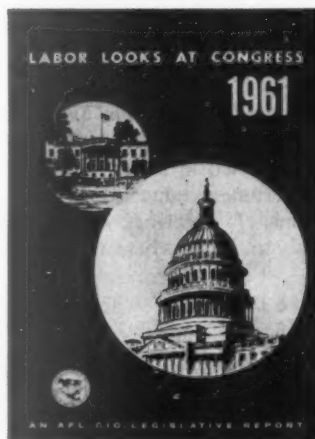
AFL-CIO Publication No. 77C. AFL-CIO Pamphlets Division. 32 pp. Single copies free; in quantity, 15 cents each, \$13.50 per 100.

The first session of the 87th Congress was, in labor's judgment, "a qualified success." The reasons why are presented in factual fashion, with the voting on key issues broken down by party. This mid-point evaluation then focuses on the vital unfinished work facing the second session in 1962.

The first achievement discussed is the crucial fight of January 1960 to break the Rules Committee roadblock. The fight against the conservative coalition was won by a bare 217 to 212, clearing the way for debate on the Kennedy Administration program.

In continuing close votes, legislation was passed to improve the wage-hour law, extend aid to depressed areas, expand the federal housing program, continue unemployment compensation, launch water pollution control programs and raise and extend social security benefits. These were measures which had been vetoed or opposed by the previous administration.

Other accomplishments recorded were programs of aid to dependent children, community health facilities,



continuation of highway and airport construction and the creation of a disarmament agency and the Peace Corps.

There were defeats of needed legislation and there was much unfinished work. The booklet goes on to discuss the legislative background and the main elements of proposals to provide: health care for the aged; aid to education; manpower development and training; emergency public works; federal jobless pay standards; civil rights; farm labor safeguards; tax reform and other items.

This booklet is a "must" for legislative and education committees and for institutes and weekend conferences.

NEW BOOKS

Labor History in the United States—General Bibliography.

Compiled by Gene S. Stroud and Gilbert E. Donahue. Institute of Labor and Industrial Relations, University of Illinois, Urbana, Ill. 167 pp. \$2.

In addition to the standard books, monographs and pamphlets on labor history, this bibliography covers a wide range of forces and events influencing the development of trade unions. Noting that labor history usually has been written by economists and industrial relations specialists in the past rather than by general historians, the university hopes this broad approach will stimulate fresh attitudes toward writing labor history. Containing 2,022 items arranged in both an alphabetical and subject index, this is the second labor history bibliography in the Institute's Bibliographic Contributions series.

NEW PAMPHLETS

Health Care With Dignity.

AFL-CIO Publication No. 125. AFL-CIO Pamphlets Division. 19 pp. Free.

This is, as the subtitle says, "... an appeal to Congress," the testimony delivered by AFL-CIO President George Meany in July 1961 before the House Ways and Means Committee. Meany presented labor's arguments in favor of the Anderson-King bill, which would expand the social security system to include health care for the aged. Meany poses and deals with the questions of whether there is a problem, whether remedies are presently available and whether the Anderson-King plan is sound and workable. He cites support from conservative sources and also discusses opposition arguments.

The Limitation of Class Size—A Major Education Principle.

American Federation of Teachers, 716 North Rush St., Chicago 11, Illinois. 20 pp. Single copies free.

If you are a parent, a teacher or a person concerned with education you will want to read this pamphlet. It prescribes a class size of 25 pupils to enable teachers to effectively guide and direct pupils. It reports on a sampling of 120,304 classes surveyed by AFT locals across the country.

The American Labor Movement.

By Paul B. High. American Federation of Teachers, 716 N. Rush Street, Chicago, Ill. 12 pp. 15 cents.

A comprehensive outline of the evolution of the trade union movement. Instead of the usual date chronology, High has created a topical outline of six major subjects: owner-employee relationships in a changing

America; workingmen organize; American labor matters; labor's legislative program; regulation of union-management by the government, and labor unions today. A selected bibliography is included.

Dictionary.

Retail Clerks, DeSales Bldg., Washington 6, D. C.
26 pp. 25 cents.

This two-color, illustrated booklet presents a glossary of words defined with a humorous and satirical play on management tactics in dealing with the union and the efforts of workers to organize.

Handbook for Stewards.

Research and Education Department, Chemical Workers' Union, 1659 W. Market St., Akron 13, Ohio.
67 pp. 30 cents.

A comprehensive stewards' aid is provided in this booklet, which includes information on how to handle grievances, build the union and efficiently service the needs of a local. Salient points are illustrated with frequent baby pictures in poses which suggest the humorous caption below the picture.

Free Trade Unions in the Fight for African Freedom.

By John Riddell. International Confederation of Free Trade Unions and ICFTU's African Regional Organization. Brussels and Lagos, 1961. 64 pp. 30 cents.

This authoritative pamphlet by the ICFTU's editor-in-chief records the early ICFTU determination to aid and foster the trade union movements emerging throughout Africa. The brief chapters cover ICFTU policy on Africa, North Africa, East and Central Africa, South Africa, Pan-Africanism and free trade unions and, lastly, trade unions and African governments. Appendices include statements by African labor leaders on the much-debated issue of the form and direction of African trade unions. The preceding chapters and these statements illuminate the strong trend toward Pan-Africanism and the felt need for building an "African personality;" at the same time, it is charged, this trend is being exploited by infiltrators and supporters of state-run unions in an effort to split African labor. Warnings are issued to guard against the political domination of unions.

ICFTU-ARO.

International Confederation of Free Trade Unions—Asian Regional Organization. 1/23 Asaf Ali Road, New Delhi-1, India. Second edition, 1961. 38 pp. 10 cents.

Briefly sketched through this booklet are the background, the structure, the activities and the affiliated members of the 6 million-member Asian arm of the ICFTU. Photos show the ICFTU Asian Trade Union College in Calcutta, an ARO conference held at Kuala Lumpur and sample ARO publications which are published in English, Hindi, Tamil and Urdu.

The College on the Equator.

By Albert Hammerton. International Confederation of Free Trade Unions, 24 Rue du Lombard, Brussels. 1961. 16 pp. 15 cents.

The chief of the ICFTU's education service here describes, with abundance of photos, the creation and operation of the ICFTU Labor College in Kampala, Uganda. The ICFTU International Solidarity Fund made possible the Kampala College as a symbol of international worker solidarity and a vital leadership training center. Formally dedicated in June 1961, it is regarded as perhaps the finest school in Uganda. It has a capacity for 40 residence students and facilities for a variety of short-term courses and seminars.

Our Labor Force: Workers, Wages and Unions.

By Lawrence Senesh and Barbara Warne Newell. Curriculum Resources, Inc., 1515 W. Lake Street, Minneapolis, Minn. 84 pp. \$1.

Prepared for teachers, this pamphlet on labor is designed to serve as a supplement to existing course material in economics, history, government and related areas where information on labor and unions is in short supply. Presenting a well organized, lucid survey of the history of trade unions and labor legislation, the pamphlet develops the economic framework in which unions operate. It discusses such factors as the role of the market, the government, the changing composition of the labor force, economic growth, etc.

Educational and Cultural Exchange Opportunities.

U.S. Department of State. 28 pp. Single copy, 15 cents. U.S. Government Printing Office, Wash. 25, D. C.

This pamphlet, revised in June 1961, offers information on all government educational and cultural exchange programs. It describes procedures for application and study and tells where to apply.

What If You're Disabled? What Everyone Should Know About Social Security Disability Benefits.

Social Security Administration, U.S. Department of Health, Education and Welfare. Pamphlet No. OAS 29A. U.S. Government Printing Office, Wash. 25, D. C. 14 pp. Single copy, 10 cents.

This pamphlet is addressed to several million people under 50 and over 65 and those in-between who have long-term disabilities. It describes the eligibility requirements and reminds readers they must apply for benefits. Even a severely disabled child can receive monthly benefits.

Checkups: Safeguarding Your Health.

By Dr. Michael H. K. Irwin. Public Affairs Pamphlet No. 314, 22 E. 38th St., New York 16, N. Y. 18 pp. 25 cents.

Discusses the importance of periodic health check-ups in preventing the occurrence of illness and in some cases improving the patient's health.

The American Federationist

Index 1961

The first issue of the Federationist nearly 68 years ago opened with a passage from Keats. It was the year 1894 and the poem reflected labor's problems and anxieties of the period in crying out:

"O aching time! O moments big as years!
All, as ye pass, swell out the monstrous truth
And press it so upon our very griefs
That unbelief has not space to breathe."

A lead article by John Swinton held high hopes for the "Labor Reformation" and dwelled on the plight of 2 million unemployed. Another article discussed "convict versus free labor" and another took up the question of labor politics, policies and platforms. One editorial laid down the new magazine's purpose and policy; another demanded "work, not charity" for the jobless. There were letters to the editor, official announcements, a boycott list. And a small ad from Prudential Insurance. The price: 5 cents a copy; 50 cents a year.

During 1961, the Federationist reflected the problems and anxieties—and the achievements—of the current period in history.

Articles in the Federationist this year dealt with many problems facing the worker and his family in a rapidly changing economy and society. There were articles on the phenomenon of high unemployment in a period of relative prosperity, on chronic unemployment which hits certain workers hardest, on the need for greater economic growth, on the need for full employment.

There were articles about the great increase in the number of senior citizens, their growing political awareness and their resolve to help solve their own problems. There were articles about the crucial need for more education in today's world and the crisis of lagging school systems. There were articles on the new technology called automation.

That the trade union view has remained international was shown in articles dealing with the welfare of workers in Latin America and in Asia, on the Berlin crisis, on foreign trade and on the achievements of United Nations agencies.

Thus, this index chronicles the interests and activities of organized labor in these times.



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33. Food for Peace . . . America's Helping Hand <i>George McGovern</i>	2	December
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46. Labor's Case in Support of Aid to Education <i>ENV</i>	29	September
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KEY: LER Labor's Economic Review
ETO Economic Trends and Outlook

CBR Collective Bargaining Report
ENV Education News and Views

NOTES TO INDEX

Articles are listed alphabetically by title and numbered consecutively. The following are cross-indexes which facilitate the finding of an article by subject or author.

Example: Automation 6, 38

Referring back to 6 and 38 in the title list provides title, author, page and month.

It should be noted that publications of the Departments of Research and Education were incorporated in the Federationist in mid-1961. Labor's Economic Review, Economic Trends and Outlook and Collective Bargaining Report retain their identification. Education News and Views is a section usually including an article and reviews of books, films and pamphlets. Only titled items appear in the master index.

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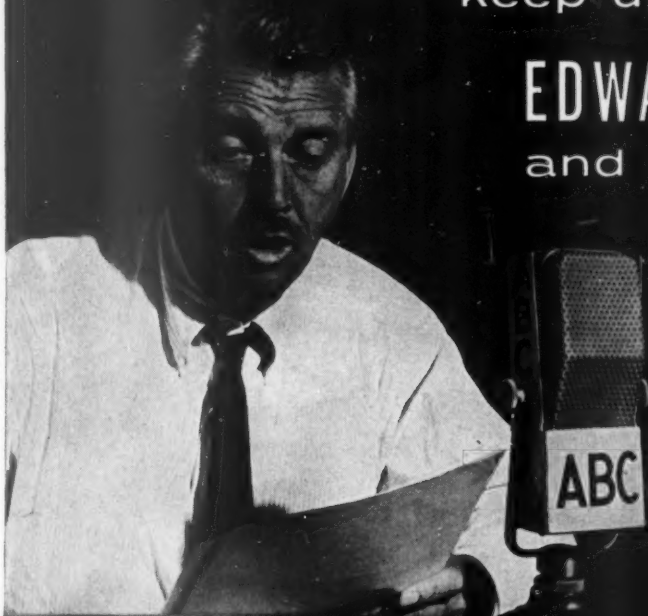
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